

CIRCULAR DATED 24 JUNE 2024

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about this Circular, or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Best World International Limited ("**Company**"), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the Proxy Form (all as defined herein) to the purchaser or transferee or to the bank, stockbroker or other agent through whom you effected the sale or transfer, to the purchaser or transferee. This Circular was prepared by the Company with assistance from RHTLaw Asia LLP. RHTLaw Asia LLP has not independently verified the contents of this Circular.

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BEST WORLD INTERNATIONAL LIMITED

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED CAPITALISATION OF RETAINED EARNINGS;**
- (2) THE PROPOSED SELECTIVE CAPITAL REDUCTION OF S\$2.56 IN CASH FOR EACH SHARE CANCELLED; AND**
- (3) THE PROPOSED DELISTING OF THE COMPANY FROM THE SGX-ST.**

Financial Adviser to the Company



RHT CAPITAL PTE. LTD.

(Company Registration Number: 201109968H)
(Incorporated in the Republic of Singapore)

**Independent Financial Adviser in respect of the Exit Offer
by way of the proposed Selective Capital Reduction**



Evolve Capital Advisory
晋化资本

EVOLVE CAPITAL ADVISORY PRIVATE LIMITED

(Company Registration Number: 201718400R)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	16 July 2024 at 9 a.m.
Date and time of Extraordinary General Meeting	:	19 July 2024 at 9 a.m.
Place of Extraordinary General Meeting	:	To be held at 10 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117438

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

“Abstaining Directors”	:	The Directors abstaining from making a recommendation on the Selective Capital Reduction to the Eligible Shareholders, namely, Dora Hoan Beng Mui, Doreen Tan Nee Moi, Huang Ban Chin, Li Lihui and Pek Wei Liang
“Additional Shares”	:	Shall have the meaning ascribed to it in paragraph 3.1 of the Letter to Shareholders in this Circular
“Adjusted NAV”	:	Shall have the meaning ascribed to it in paragraph 4.2.2 of the Letter to Shareholders in this Circular
“Announcement”	:	The announcement on the Announcement Date in relation to the Company’s firm intention to undertake the Exit Offer by way of the Selective Capital Reduction, made available on SGXNet
“Announcement Date”	:	3 April 2024
“Board”	:	The board of directors of the Company
“Business Day”	:	A day other than Saturday, Sunday or a public holiday on which banks are open for business in Singapore
“Capitalisation”	:	Shall have the meaning ascribed to it in paragraph 3.1 of the Letter to Shareholders in this Circular
“Cash Distribution”	:	The aggregate sum of S\$377,901,806 arising from the Selective Capital Reduction that will be returned to the Eligible Shareholders in cash, on the basis of S\$2.56 for each Share held by each Eligible Shareholder that is cancelled as a result of the Selective Capital Reduction
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular dated 24 June 2024
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act 1967 of Singapore, as may be amended, modified or supplemented from time to time
“Company”	:	Best World International Limited
“Constitution”	:	The constitution of the Company, as may be amended, modified, or supplemented from time to time

DEFINITIONS

“Court”	:	The High Court of the Republic of Singapore
“Court Order”	:	The order of the Court approving the Selective Capital Reduction
“CPF”	:	The Central Provident Fund
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	CPF Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“Delisting”	:	Delisting of the Company from the SGX-ST
“Delisting Update Announcement”	:	The announcement released on the Delisting Update Announcement Date in relation to the Company’s plan to undertake the Exit Offer by way of the Selective Capital Reduction, made available on SGXNet
“Delisting Update Announcement Date”	:	22 March 2024
“Directors”	:	The directors of the Company as at the date of this Circular
“Effective Date”	:	Shall have the meaning ascribed to it in paragraph 16.2.1 of the Letter to Shareholders in this Circular
“EGM”	:	The extraordinary general meeting of the Company to be convened on 19 July 2024 at 9 a.m., at 10 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117438, notice of which is set out on pages N-1 to N-5 of this Circular
“Eligible Shareholders”	:	All Shareholders who are not the Non-Participating Shareholders
“Escrow Agent”	:	Shall have the meaning ascribed to it in paragraph 5.3 of the Letter to Shareholders in this Circular
“Estimated Costs”	:	Shall have the meaning ascribed to it in paragraph 9.1.4 of the Letter to Shareholders in this Circular
“Exit Offer”	:	Shall have the meaning ascribed to it in paragraph 2.3 of the Letter to Shareholders in this Circular
“Final Exit Offer Price”	:	S\$2.56 in cash for each Share

DEFINITIONS

“Financial Adviser”	:	RHT Capital Pte. Ltd., the financial adviser appointed by the Company in respect of the Selective Capital Reduction
“FY”	:	The financial year ended 31 December of the relevant year
“FY2021 Results”	:	The Group’s audited consolidated financial statements for FY2021
“FY2023 Results”	:	The Group’s audited consolidated financial statements for FY2023
“Group”	:	The Company and its subsidiaries
“IFA”	:	Evolve Capital Advisory Private Limited, the independent financial adviser to the Eligible Shareholders in respect of the Selective Capital Reduction
“IFA Letter”	:	The letter dated 24 June 2024 from the IFA in respect of the Selective Capital Reduction as set out in Appendix A of this Circular
“Last Undisturbed Trading Day”	:	Shall have the meaning ascribed to it in paragraph 4.3.1 of the Letter to Shareholders in this Circular
“Latest Practicable Date”	:	14 June 2024, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the Mainboard of the SGX-ST, as may be amended, modified, or supplemented from time to time
“Non-Participating Shareholders”	:	The major Shareholders of the Company as set out in paragraph 2.6 of the Letter to Shareholders in this Circular who will not be participating in the Selective Capital Reduction and, as per the requirement of the SGX-ST, each has provided unconditional and irrevocable undertakings to the Company to waive any rights that they may have as a Shareholder to participate in the Selective Capital Reduction
“Notice of EGM”	:	The notice of the EGM as set out on pages N-1 to N-5 of this Circular
“Ordinary Resolution”	:	Shall have the meaning ascribed to it in paragraph 8.1.1 of the Letter to Shareholders in this Circular
“Price Revision Announcement”	:	The announcement released on the Price Revision Announcement Date in relation to the revision in price from S\$2.50 to S\$2.56, made available on SGXNet

DEFINITIONS

“Price Revision Announcement Date”	:	24 May 2024
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular
“Recommending Directors”	:	Directors who are regarded as independent for the purposes of making a recommendation on the Exit Offer, namely Lee Sen Choon, Adrian Chan Pengee, and Chester Fong Po Wai
“Record Date”	:	The date, to be determined by the Directors and announced by the Company, on which the transfer books of the Company and the Register of Members will be closed in order to determine the entitlements of the Eligible Shareholders to the Cash Distribution pursuant to the Selective Capital Reduction
“Register of Members”	:	The register of members of the Company
“Registered Address”	:	The address of each Shareholder as set out in the Register of Members
“Registrar”	:	Shall have the meaning ascribed to it in paragraph 8.5 of the Letter to Shareholders in this Circular
“Relevant Securities”	:	Shall have the meaning ascribed to it in paragraph 11.2.1 of the Letter to Shareholders in this Circular
“Resolutions”	:	Shall have the meaning ascribed to it in paragraph 1.1 of the Letter to Shareholders in this Circular
“Revised Last Trading Day”	:	Shall have the meaning ascribed to it in paragraph 4.3.5 of the Letter to Shareholders in this Circular
“Securities Account”	:	The securities account maintained by a Depositor with CDP
“Selective Capital Reduction”	:	The proposed selective capital reduction of the Company pursuant to Section 78G of the Companies Act, as detailed in paragraph 4.1 of the Letter to Shareholders in this Circular
“SESDAQ”	:	The Stock Exchange of Singapore Dealing and Automated Quotation System
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

DEFINITIONS

“Share Buyback”	:	Shall have the meaning ascribed to it in paragraph 4.2.2 of the Letter to Shareholders in this Circular
“Share Registrar”	:	Tricor Barbinder Share Registration Services, the share registrar of the Company
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares
“Shares”	:	Ordinary shares in the issued share capital of the Company
“SIC”	:	Securities Industry Council
“Special Resolution 1”	:	Shall have the meaning ascribed to it in paragraph 8.1.2 of the Letter to Shareholders in this Circular
“Special Resolution 2”	:	Shall have the meaning ascribed to it in paragraph 8.1.3 of the Letter to Shareholders in this Circular
“SRS”	:	Supplementary Retirement Scheme
“SRS Account”	:	An account opened by a SRS Investor with a SRS Operator
“SRS Investors”	:	Investors who have purchased Shares through their SRS Account pursuant to the SRS
“SRS Operators”	:	An approved financial institution with which an SRS Account is opened and maintained
“Substantial Shareholder”	:	A person who has an interest or interests in one or more voting shares in the Company, and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“VWAP”	:	Volume weighted average price
“%” or “per cent”	:	Percentage or per centum

The terms **“Depositor”**, **“Depository”**, **“Depository Agent”**, and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001 of Singapore.

The terms **“subsidiary”** and **“treasury shares”** shall have the meanings ascribed to them respectively in the Companies Act.

DEFINITIONS

References to “**paragraph**” are to the paragraphs of this Circular, unless otherwise stated.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual, or any relevant laws of the Republic of Singapore or any statutory modification thereof and used in this Circular shall have the same meaning assigned to it under the Companies Act, the Listing Manual, or any relevant laws of the Republic of Singapore or any statutory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of a day and date in this Circular shall be a reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancies in the figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, the figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

BEST WORLD INTERNATIONAL LIMITED

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

Directors:

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

Registered Office:

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

24 June 2024

To: The Shareholders of Best World International Limited

Dear Sir/Madam,

- (1) THE PROPOSED CAPITALISATION OF RETAINED EARNINGS;**
- (2) THE PROPOSED SELECTIVE CAPITAL REDUCTION; AND**
- (3) THE PROPOSED DELISTING OF THE COMPANY FROM THE SGX-ST.**

1. INTRODUCTION

1.1 The Board wishes to convene the EGM for the following:

1.1.1 (Ordinary Resolution) the proposed Capitalisation;

1.1.2 (Special Resolution 1) the proposed Selective Capital Reduction; and

1.1.3 (Special Resolution 2) the proposed Delisting,

(collectively, "**Resolutions**").

1.2 The purpose of this Circular is to provide Shareholders with the relevant information pertaining to the proposed Capitalisation, Selective Capital Reduction, and Delisting.

1.3 The Company intends for Shareholders to vote on the Ordinary Resolution for the Capitalisation, followed by Special Resolution 1 for the Selective Capital Reduction and Special Resolution 2 for the Delisting, at the EGM to be convened on 19 July 2024 at 9 a.m. at 10 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117438, notice of which is set out in pages N-1 to N-5 of this Circular. Shareholders should note that the Ordinary Resolution, Special Resolution 1, and Special Resolution 2 are inter-conditional upon one another. This means that if any of the Resolutions is not approved, the other Resolutions will not be passed.

1.4 With reference to the Company's announcement dated 19 April 2024, the Company is currently working with the Securities Investors Association Singapore to hold a dialogue

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session with Shareholders prior to the convening of the EGM in relation to the Exit Offer, subject to the level of interest received. The Company will publish the minutes from the dialogue session via SGXNet thereafter. Further information about the aforesaid dialogue session will be announced on SGXNet in due course.

2. BACKGROUND

- 2.1 The Company was incorporated in the Republic of Singapore on 11 December 1990. The Company was listed on the SGX-ST SESDAQ on 8 July 2004 and was transferred to the Mainboard of the SGX-ST on 18 September 2006. The Company is an investment holding company and is engaged in the business of the distribution of nutritional supplement products, personal care products and healthcare equipment.
- 2.2 As at the Latest Practicable Date, the Company has an issued and fully paid-up share capital of S\$2,343,402 comprising 427,915,393 Shares. The Company holds 23,097,600 treasury shares and there are no instruments convertible into Shares, or any options, rights or warrants for the issuance of any new Shares, outstanding.
- 2.3 The Board intends to increase the issued and paid-up share capital of the Company by way of Capitalisation to facilitate the Cash Distribution to Eligible Shareholders pursuant to the Selective Capital Reduction, which shall serve as a fair and reasonable exit offer to the Shareholders for the purpose of Delisting under Rules 1307 and 1309 of the Listing Manual (“**Exit Offer**”).
- 2.4 Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the SGX-ST if:
- 2.4.1 the Company convenes a general meeting to obtain Shareholders’ approval for the Delisting; and
- 2.4.2 the resolution to delist the Company has been approved by a majority of at least 75% of the total number of issued Shares excluding treasury shares and subsidiary holdings held by the Shareholders present and voting, on a poll, either in person or by proxy at the meeting. The Non-Participating Shareholders and its concert parties must abstain from voting on the resolution.
- 2.5 In addition, Rule 1309 of the Listing Manual requires that if the Company is seeking to delist from the SGX-ST:
- 2.5.1 an exit offer must be made to the Company’s Shareholders and holders of any other classes of listed securities to be delisted. The Exit Offer must:
- (i) be fair and reasonable; and
- (ii) include a cash alternative as the default alternative; and
- 2.5.2 the Company must appoint an independent financial adviser to advise on the Exit Offer and the independent financial adviser must opine that the Exit Offer is fair and reasonable.
- 2.6 The Non-Participating Shareholders who are involved in the business of the Company are:

LETTER TO SHAREHOLDERS

- 2.6.1 D2 Investment Pte. Ltd., the legal owner of 192,787,500 Shares representing 45.05% of the issued and paid-up share capital of the Company which are held for the benefit of Dora Hoan Beng Mui and Doreen Tan Nee Moi;
- 2.6.2 Dora Hoan Beng Mui (Co-Chairman, Group CEO/Managing Director), the legal and beneficial owner of 32,330,000 Shares representing 7.56% of the issued and paid-up share capital of the Company. She is the legal and beneficial owner of 50.00% of the shares in D2 Investment Pte. Ltd.;
- 2.6.3 Doreen Tan Nee Moi (Co-Chairman, President), the legal and beneficial owner of 31,380,000 Shares representing 7.33% of the issued and paid-up share capital of the Company. She is the legal and beneficial owner of 50.00% of the shares in D2 Investment Pte. Ltd.;
- 2.6.4 Huang Ban Chin (Chief Operating Officer and Executive Director), the legal and beneficial owner of 23,300,000 Shares representing 5.45% of the issued and paid-up share capital of the Company;
- 2.6.5 Li Lihui (Alternate Director to Dora Hoan Beng Mui), the legal and beneficial owner of 250,000 Shares representing 0.06% of the issued and paid-up share capital of the Company. Li Lihui is the daughter of Dora Hoan Beng Mui and is presumed to be acting in concert with Dora Hoan Beng Mui; and
- 2.6.6 Pek Jia Rong (an independent distributor of the Group), the legal and beneficial owner of 250,000 Shares representing 0.06% of the issued and paid-up share capital of the Company. Pek Jia Rong is the daughter of Doreen Tan Nee Moi and is presumed to be acting in concert with Doreen Tan Nee Moi.
- 2.7 The Non-Participating Shareholders collectively hold 280,297,500 Shares comprising approximately 65.50% of the issued and paid-up share capital of the Company.
- 2.8 The Company is proposing, by way of the Selective Capital Reduction, to use its cash to cancel the Shares held by Eligible Shareholders, thereby giving the Eligible Shareholders a reasonable opportunity to realise the value of their Shares.

3. CAPITALISATION OF THE COMPANY'S RETAINED EARNINGS

- 3.1 As the Company's issued and paid-up share capital is presently only S\$2,343,402 (excluding treasury shares), there is insufficient share capital to undertake the Selective Capital Reduction and the Company therefore intends to capitalise part of its retained earnings prior to undertaking the Selective Capital Reduction exercise, which is further described in paragraph 4 below. S\$377,901,806 of the Company's retained earnings shall be applied in paying up for the allotment and issuance of new Shares ("**Additional Shares**"), which translates to the price of approximately S\$0.8831 per Additional Share. Such Additional Shares shall be allotted, issued and credited as fully paid-up to the Shareholders in the proportion of one Additional Share to one Share held by a Shareholder which will be **immediately cancelled in their entirety without any distribution to the Shareholders** (collectively, "**Capitalisation**"). The sum of S\$377,901,806 created in the issued and paid-up share capital of the Company shall be utilised for distribution to Eligible Shareholders pursuant to the Selective Capital Reduction. Following the Capitalisation, the Company's issued and paid-up share capital, presently at S\$2,343,402, will increase to S\$380,245,208. Therefore, the Capitalisation is to ensure that there is sufficient share

LETTER TO SHAREHOLDERS

capital such that upon completion of the Selective Capital Reduction, each Eligible Shareholder would receive S\$2.56 for each Share held.

3.2 As at 30 April 2024, the Company has cash and cash equivalents of S\$451,974,912.

4. SELECTIVE CAPITAL REDUCTION

4.1 The Company proposes to cancel all of the 147,617,893 Shares held by the Eligible Shareholders in consideration for S\$2.56 in cash per Share by way of the Selective Capital Reduction. Accordingly, the aggregate sum of S\$377,901,806 arising from the Selective Capital Reduction will be returned to the Eligible Shareholders in cash, on the basis of S\$2.56 for each Share held by each Eligible Shareholder that is cancelled as a result of the Selective Capital Reduction. **Shareholders should note that the Final Exit Offer Price of S\$2.56 for each Share is final and the Company will not revise the same.**

4.2 In arriving at the Final Exit Offer Price of S\$2.56 for each Share, the Company had taken into consideration, among others:

4.2.1 the historical trading price of the Shares for the past 6 months up to and including the Last Undisturbed Trading Day which ranged between S\$1.60 to S\$1.83;

4.2.2 the adjusted net asset value (“NAV”) per Share as at 31 December 2023 based on the FY2023 Results and subtracting S\$6.27 million to reflect the total consideration for the share buyback cash purchases of 2,530,000 Shares made by way of market acquisition conducted by the Company after 31 December 2023 and up to the Latest Practicable Date (“Share Buyback”) (“Adjusted NAV”) of S\$1.36;

4.2.3 the current cash position of the Group and taking into consideration of the ongoing working capital, as well as the operating expenditures of the Company;

4.2.4 available resources to the Company which may be impacted by difficulties and constraints on the repatriation of funds from the People’s Republic of China, as well as other overseas markets back to Singapore; and

4.2.5 the current market conditions in the industries and markets which the Group operates in.

4.3 The Final Exit Offer Price of S\$2.56 for each Share represents:

4.3.1 a premium of approximately 46.29% over the last traded price of the Shares on the SGX-ST of S\$1.75 on 21 March 2024, being the last full day of trading of the Shares prior to the Delisting Update Announcement Date (“Last Undisturbed Trading Day”);

4.3.2 a premium of approximately 47.13%, 46.29%, and 48.84% over the VWAP of the Shares for the 1-month period, 3-month period, and 6-month period, up to and including the Last Undisturbed Trading Day, respectively;

4.3.3 a premium of approximately 88.24% over the Adjusted NAV per Share of S\$1.36 as at 31 December 2023;

LETTER TO SHAREHOLDERS

- 4.3.4 a premium of approximately 15.32% over the last traded price of the Shares on the SGX-ST of S\$2.22 on 3 April 2024, being the last full day of trading of the Shares prior to the Announcement Date;
- 4.3.5 a premium of approximately 8.47% over the VWAP for the period between 22 March 2024 (being the Delisting Update Announcement Date) and 24 May 2024, being the last full day of trading of the Shares prior to the Price Revision Announcement (“**Revised Last Trading Day**”);
- 4.3.6 a premium of approximately 4.07% over the VWAP for the period between 4 April 2024 (being the date after the Announcement Date) and the Revised Last Trading Day; and
- 4.3.7 a premium of approximately 2.40% over the last traded price of the Shares on the SGX-ST of S\$2.50 on the Revised Last Trading Day.

Shareholders should note that the Final Exit Offer Price of S\$2.56 for each Share is final and the Company will not revise the same.

- 4.4 The Directors have confirmed that, as at the Latest Practicable Date, no alternative offer or proposal from any third party has been received for the Shares of the Company. The Company also notes that there is no publicly available evidence of any alternative offer for the Shares from any third party.

5. CONFIRMATION OF FINANCIAL RESOURCES

- 5.1 The Board has confirmed that sufficient financial resources are available to the Company to fund the aggregate sum of the Cash Distribution which will be returned to the Eligible Shareholders if the Selective Capital Reduction becomes effective.
- 5.2 The Financial Adviser, RHT Capital Pte. Ltd., has confirmed that sufficient financial resources are available to the Company to fund the aggregate sum of the Cash Distribution which will be returned to the Eligible Shareholders if the Selective Capital Reduction becomes effective.
- 5.3 The Company confirms that it has placed at least S\$377,910,000 in the escrow account. The escrow agent, CitiCorp International Limited (“**Escrow Agent**”), shall release the monies for the purposes of the Cash Distribution pursuant to the terms of the escrow agreement entered into between the Company, RHT Capital Pte. Ltd., and the Escrow Agent.

6. RATIONALE FOR THE EXIT OFFER AND DELISTING

- 6.1 The Company is of the view that it is in the best interests of the Shareholders that the Company pursues the Exit Offer for the reasons set out below:
 - 6.1.1 as stated in the Company’s recent FY2023 Results, the Company anticipates FY2024 to be a challenging year for the Company and its industry, with geopolitical and economic uncertainties persisting from the previous year. The Company believes a privatisation of the Company will provide the necessary flexibility to optimise its resources to focus on the longer-term strategies of the business;

LETTER TO SHAREHOLDERS

- 6.1.2 the Company has no present need for access to the Singapore capital markets and has not carried out any corporate exercise to raise cash funding on the SGX-ST in the past ten years. It is also unlikely that the Company will require access to the Singapore capital markets to finance its operations in the foreseeable future;
- 6.1.3 if the Company is delisted, the Company will be able to dispense with compliance costs and resources associated with maintenance of a listed status and other regulatory requirements and channel such resources towards its business operations;
- 6.1.4 the Exit Offer provides an opportunity for Eligible Shareholders who may find it difficult to exit their investment in the Company at a fair market price due to low trading liquidity. Of the total free float Shares, the average daily trading volume in the last 1 month, 3 months and 6 months up to and including the Last Undisturbed Trading Day was only 0.30%, 0.21%, and 0.20% respectively. For the avoidance of doubt, free float refers to the Shares other than those held by the Directors, chief executive officer, controlling Shareholders or substantial Shareholders of the Company, which amounts to 127,119,393 Shares representing approximately 29.53% of the issued Shares as at 18 March 2024 as disclosed in the FY2023 Results; and
- 6.1.5 the Exit Offer presents Eligible Shareholders with an opportunity to completely exit their investment in the Shares without incurring brokerage and other trading costs.
- 6.2 The Company has explored various options (such as a voluntary general offer and a scheme of arrangement) and determined that the best option currently is to undertake a Selective Capital Reduction, as it (a) offers a higher exit offer price for Eligible Shareholders as compared to other possible options since the Selective Capital Reduction will not involve any bank borrowings, fees or commissions, has less if any external financing requirements, and will incur lower professional fees and involve fewer professional parties; (b) is an exercise that can be led and controlled by the Company instead of being dependent on external third parties (as in the case of a voluntary general offer); and (c) has fewer requirements to be satisfied (unlike a scheme of arrangement).

7. EFFECTS ON SHARE CAPITAL

- 7.1 The Selective Capital Reduction will be effected by cancelling 147,617,893 of the said Shares constituting part of the total issued share capital of the Company that are held by the Eligible Shareholders, reducing the Company's Shares from 427,915,393 Shares to 280,297,500 Shares, representing a reduction of approximately 34.50%.
- 7.2 The aggregate sum of S\$377,901,806 arising from the Capitalisation and Selective Capital Reduction will be returned to the Eligible Shareholders in cash, on the basis of S\$2.56 for each Share held by each Eligible Shareholder that is cancelled as a result of the Selective Capital Reduction.
- 7.3 Upon completion of the Selective Capital Reduction, the Non-Participating Shareholders will remain as Shareholders of the Company and collectively hold the remaining 280,297,500 Shares that are not cancelled, representing the entire equity share capital of the Company.

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- 7.4 For illustrative purposes only, the effects of the Capitalisation and Selective Capital Reduction on the share capital of the Company as at the Latest Practicable Date are as follows:

Issued and Paid-Up Capital	Number of Shares	Share Capital (S\$)
As at the Latest Practicable Date	427,915,393	2,343,402
Additional Shares issued pursuant to the Capitalisation of retained earnings (On the basis of 1 Additional Share for 1 Share, approximately S\$0.8831 per Additional Share)	427,915,393	377,901,806
Immediate Cancellation of Additional Shares	(427,915,393)	–
Shares to be cancelled under the Selective Capital Reduction	(147,617,893)	(377,901,806)
Adjusted issued and paid-up capital after the Selective Capital Reduction	280,297,500	2,343,402

8. PROCESS OF THE CAPITALISATION, SELECTIVE CAPITAL REDUCTION, AND DELISTING

- 8.1 As mentioned in paragraph 1 above, Shareholders' approvals are being sought for the following:
- 8.1.1 the proposed Capitalisation by way of an ordinary resolution pursuant to Regulation 141 of the Constitution ("**Ordinary Resolution**");
- 8.1.2 the proposed Selective Capital Reduction by way of a special resolution approved by a majority of at least 75 per cent of all Shares held by the Eligible Shareholders present and voting at the EGM pursuant to Section 78G of the Companies Act ("**Special Resolution 1**"); and
- 8.1.3 the proposed Delisting by way of a special resolution under Rules 1307 and 1309 of the Listing Manual. Such special resolution requires the approval of a majority of at least 75 per cent of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) held by the Shareholders (excluding the Non-Participating Shareholders and their concert parties) present and voting, on a poll, either in person or by proxy at the EGM to be convened for the Shareholders to vote on this resolution ("**Special Resolution 2**"). The Non-Participating Shareholders and their concert parties must abstain from voting on the resolution. The list of Non-Participating Shareholders and their concert parties and their respective shareholdings in the Company are set out in paragraph 1 of **Appendix B** to this Circular.
- 8.2 Pursuant to Section 78G of the Companies Act, in order for the Selective Capital Reduction to be approved:
- 8.2.1 Special Resolution 1 must be passed by Eligible Shareholders approving the Selective Capital Reduction; and

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- 8.2.2 the approval and confirmation by the Court of the Selective Capital Reduction must be obtained.
- 8.3 After the Shareholders' approvals of the Resolutions have been obtained, an application will be made to the Court in relation to the Selective Capital Reduction.
- 8.4 For the avoidance of doubt, the Selective Capital Reduction is conditional upon Shareholders' approvals of the Resolutions (with each of the Resolutions being inter-conditional upon one another), and the approval and confirmation of the Selective Capital Reduction by the Court. Furthermore, the implementation of the Resolutions is contingent upon the approval and confirmation of the Selective Capital Reduction by the Court. **In the event that the Resolutions are not approved by the Shareholders at the EGM, the Exit Offer will not proceed and will lapse. Accordingly, the Company will remain listed on the SGX-ST.**
- 8.5 Upon the Court Order, the Selective Capital Reduction will take effect upon the lodgement of a copy of the Court Order, together with the other documents as prescribed under the Companies Act, with the Registrar of Companies of Singapore ("**Registrar**") within ninety (90) days beginning with the date the Court Order is made, or within such longer period as the Registrar may allow.
- 8.6 It is only after obtaining the necessary Shareholders' and Court's approvals, will the Company be able to settle the Cash Distribution to the Eligible Shareholders and submit an application to delist to the SGX-ST under Rule 1307 of the Listing Manual.
- 8.7 Upon completion of the Selective Capital Reduction, the Non-Participating Shareholders will collectively hold the remaining 280,297,500 Shares that are not cancelled, representing the entire equity share capital of the Company.
- 8.8 In the event that any of the conditions in paragraphs 8.1 and 8.2 above is not fulfilled and the Company is unable to undertake the Exit Offer and withdraws the same, the Company will evaluate other available options including the possibility of retaining its listing status or to consider other avenues for privatisation, subject to compliance with requirements under the Code and the Listing Manual. Should an exit offer still be considered the best available option at the relevant time, which under the Code cannot be undertaken earlier than 12 months from the date of withdrawal or lapse of the Exit Offer, while the Company may attempt to enhance the exit offer, there is no certainty or assurance that the financial performance of the Company, or the business and market conditions, will not deteriorate at such material time, or that the Company is able to repatriate the funds from overseas subsidiaries including but is not limited to People's Republic of China. Shareholders should note that the 12-month default restriction against undertaking another exit offer is irrespective of whether the exit offer price for any subsequent offer is higher, lower or the same as the current Final Exit Offer Price.

9. FINANCIAL EFFECTS

- 9.1 The pro forma financial effects of the Selective Capital Reduction on the earnings, Adjusted NAV, and gearing of the Group have been prepared based on the FY2023 Results, the Company's issued share capital, and taking into account, *inter alia*, the following bases and assumptions:
- 9.1.1 the Share Buyback was completed on 31 December 2023;

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- 9.1.2 the financial effects on the Group's earnings and earnings per share are computed assuming that the Selective Capital Reduction was completed on 1 January 2023;
- 9.1.3 the financial effects on the Group's Adjusted NAV and gearing are computed assuming that the Selective Capital Reduction was completed on 31 December 2023; and
- 9.1.4 the estimated incremental transaction costs incurred in relation to the Selective Capital Reduction are approximately S\$600,000 ("**Estimated Costs**").

9.2 Adjusted NAV

For illustrative purposes only, the pro forma financial effects of the Selective Capital Reduction on the Adjusted NAV of the Group and the Company are as follows:

Company		
	Before the Selective Capital Reduction	After the Selective Capital Reduction
NAV as at 31 December 2023 (S\$'000)	591,109	591,109
Share Buyback (S\$'000)	(6,274)	(6,274)
Adjusted NAV (S\$'000)	584,835	206,333 ⁽¹⁾
Number of issued Shares (excluding treasury shares) ('000)	427,915	280,298
Adjusted NAV per Share (S\$)	1.37	0.74
Group		
	Before the Selective Capital Reduction	After the Selective Capital Reduction
NAV as at 31 December 2023 (S\$'000)	590,297	590,297
Share Buyback (S\$'000)	(6,274)	(6,274)
Adjusted NAV (S\$'000)	584,023	205,521 ⁽²⁾
Number of issued Shares (excluding treasury shares) ('000)	427,915	280,298
Adjusted NAV per Share (S\$)	1.36	0.73

Notes:

- (1) S\$377,901,806 will be deducted from the NAV of the Company after the Selective Capital Reduction pursuant to the Cash Distribution and S\$600,000 will be deducted from the NAV of the Company for the Estimated Costs.
- (2) S\$377,901,806 will be deducted from the NAV of the Group after the Selective Capital Reduction pursuant to the Cash Distribution and S\$600,000 will be deducted from the NAV of the Group for the Estimated Costs.

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9.3 Earnings/(loss) per Share

For illustrative purposes only, the pro forma financial effects of the Selective Capital Reduction on the earnings per share of the Group based on the FY2023 Results are as follows:

	Group	
	Before the Selective Capital Reduction	After the Selective Capital Reduction
Profit attributable to Shareholders (S\$'000)	120,370	119,770
Number of issued Shares (excluding treasury shares) ('000)	427,915	280,298
Earnings per Share (Singapore cents)	28.13	42.73

9.4 Gearing

The pro forma financial effects of the Selective Capital Reduction on the gearing of the Group as at 31 December 2023 based on the FY2023 Results are as follows:

	Group	
	Before the Selective Capital Reduction	After the Selective Capital Reduction
Total Borrowings (S\$'000)	15,000	15,000
Adjusted NAV (S\$'000)	584,023	205,521
Gearing (times)	0.03	0.07

10. NON-PARTICIPATING SHAREHOLDERS' INTENTION FOR THE COMPANY

10.1 Non-Participating Shareholders' Future Plans for the Company

10.1.1 The Non-Participating Shareholders currently intend for the Company to continue with its existing business activities and have no intention to (a) introduce any major changes to the business of the Company, (b) re-deploy the Company's fixed assets, or (c) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business.

10.1.2 Nonetheless, the Non-Participating Shareholders retain the flexibility at any time to consider any options or opportunities in relation to the Group which may present themselves and which the Non-Participating Shareholders regard to be in the interests of the Group.

10.2 No Compulsory Acquisition

10.2.1 The Non-Participating Shareholders are not entitled to, and will not avail themselves of, the rights of compulsory acquisition under Section 215(1) of the Companies Act.

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- 10.2.2 The Eligible Shareholders will have no right and are not entitled to require the Non-Participating Shareholders to acquire their Shares under Section 215(3) of the Companies Act.

11. DISCLOSURES OF SHAREHOLDINGS AND DEALINGS

11.1 SHARE CAPITAL

As at the Latest Practicable Date:

- 11.1.1 the Company has only one class of Shares in issue, being the Shares. There are 427,915,393 Shares in issue and 23,097,600 treasury shares; and
- 11.1.2 there are no instruments convertible into Shares, or any options, rights or warrants for the issuance of any new Shares, outstanding.

11.2 Disclosures

As at the Latest Practicable Date, except as set out in **Appendix B** to this Circular, none of the Non-Participating Shareholders and their concert parties:

- 11.2.1 owns, controls or has agreed to acquire (a) any Shares, (b) any securities which carry voting rights in the Company, or (c) any convertible securities, warrants, options or derivatives in respect of any Shares or securities referred to in (a) and (b) (collectively, "**Relevant Securities**");
- 11.2.2 has dealt for value in any Relevant Securities during the period commencing 3 months prior to the Delisting Update Announcement Date and ending on the Latest Practicable Date;
- 11.2.3 has granted any security interest relating to any Relevant Securities to another person, whether through a charge, pledge or otherwise;
- 11.2.4 has borrowed any Relevant Securities from another person (excluding borrowed Relevant Securities which have been on-lent or sold);
- 11.2.5 has lent any Relevant Securities to another person; or
- 11.2.6 has entered into any arrangement with any person of the kind referred to in Note 7 on Rule 12 of the Code, including any indemnity or option or arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Relevant Securities which may be an inducement to deal or refrain from dealing.

12. EXEMPTIONS BY THE SIC

- 12.1 The SIC has exempted the Selective Capital Reduction from Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code, subject to the following conditions:
- 12.1.1 the Non-Participating Shareholders and their concert parties abstain from voting on the Selective Capital Reduction;

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12.1.2 the Abstaining Directors abstain from making a recommendation on the Selective Capital Reduction to the Eligible Shareholders; and

12.1.3 the Company appoints an independent financial adviser to advise the Eligible Shareholders on the Selective Capital Reduction.

12.2 Independence of Directors and Scope of Responsibility

12.2.1 Pek Wei Liang, who is a Non-Executive and Non-Independent Director, is the son of Non-Participating Shareholder, Doreen Tan Nee Moi, and accordingly, is presumed to be acting in concert with the Non-Participating Shareholders.

12.2.2 In view of Pek Wei Liang's familial relationship with Doreen Tan Nee Moi and Li Lihui's familial relationship with Dora Hoan Beng Mui, and taking into consideration Note 3 of Rule 24.1 of the Code which states that directors who have an irreconcilable conflict of interests should not join with the remainder of the Board in the expression of their views on the offer, the SIC has ruled that the Abstaining Directors are to abstain from making a recommendation and are exempted from the requirement to make a recommendation on the Selective Capital Reduction to the Eligible Shareholders.

12.2.3 All Directors (including the Abstaining Directors) must, nonetheless, still assume responsibility for the accuracy and facts stated and opinions expressed in documents and advertisements issued by, or on behalf of, the Company to Eligible Shareholders in connection with the Selective Capital Reduction.

13. ABSTENTIONS IN RELATION TO THE RESOLUTIONS

13.1 The Non-Participating Shareholders and their concert parties will abstain from voting on the Resolutions at the EGM by reason of the following:

13.1.1 Ordinary Resolution: The Ordinary Resolution, Special Resolution 1, and Special Resolution 2 are inter-conditional upon each other;

13.1.2 Special Resolution 1: In accordance with one of the conditions by the SIC as set out in paragraph 12.1.1 above; and

13.1.3 Special Resolution 2: The Non-Participating Shareholders and their concert parties must abstain from voting on the Delisting resolution pursuant to Rule 1307 of the Listing Manual.

13.2 The Company will disregard any votes cast on the Resolutions by the Non-Participating Shareholders and their concert parties as they are required to abstain from voting on the Resolutions by reason of the foregoing.

14. IRREVOCABLE UNDERTAKINGS

14.1 The Non-Participating Shareholders have each provided an unconditional and irrevocable undertaking to the Company (a) to waive any rights that they may have as a Shareholder to participate in the Selective Capital Reduction; and (b) to abstain from voting on the Resolutions at the EGM.

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14.2 As at the Latest Practicable Date, none of the Non-Participating Shareholders, their concert parties and/or the Company has received any irrevocable undertaking from any Eligible Shareholder to vote in favour of the Resolutions.

15. ADVICE OF THE IFA

15.1 Evolve Capital Advisory Private Limited has been appointed as the independent financial adviser pursuant to Rule 1309(2) of the Listing Manual, as well as to advise the Recommending Directors for the purposes of making their recommendation to the Eligible Shareholders in respect of the Exit Offer. Shareholders are advised to read and consider the IFA Letter issued by the IFA in its entirety and should consider carefully the advice of the recommendations of the Recommending Directors before deciding whether to vote in favour of the Exit Offer at the EGM. The IFA's advice is set out in its letter dated 24 June 2024 which is reproduced in **Appendix A** to this Circular.

15.2 Having considered the various factors set out in the IFA Letter, and the information available to the IFA as at the Latest Practicable Date, and subject to the qualifications and assumptions set out in the IFA Letter, the IFA has made certain recommendations to the Recommending Directors as set out in paragraph 9 of the IFA Letter, an extract of which is reproduced below. **Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter.** Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as defined in the IFA Letter.

“Having considered the various factors set out in the earlier sections of this Letter and summarised below, we are of the opinion that the financial terms of the Exit Offer are fair and reasonable.

We consider the financial terms of the Exit Offer to be FAIR after taking into consideration the following factors:

- With regard to the share price performance of the Company for the Period Under Review:
 - (i) The Final Exit Offer Price represents a premium of approximately 44.63% over the VWAP of the Shares of S\$1.77 on 21 March 2024, being the last full day of trading of the Shares prior to the Delisting Update Announcement.
 - (ii) The Final Exit Offer Price represents a premium of approximately 47.13% and 46.29% over the VWAP of the Shares for 1-month and 3-month periods prior to the release of the Delisting Update Announcement, respectively.
 - (iii) The Final Exit Offer Price represents a premium of approximately 48.84% and 36.90% over the VWAP of the Shares for 6-month and 1-year periods prior to the release of the Delisting Update Announcement, respectively.
 - (iv) Over the 1-year period prior to the release of the Delisting Update Announcement, the Shares have traded between a low of S\$1.47 and a high of S\$2.50. The Final Exit Offer Price represents a premium of S\$1.09 (or 74.15%) above the lowest transacted price and a premium of \$0.06 (or 2.40%) above the highest transacted price of the Shares of \$2.50.

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- (v) The Final Exit Offer Price represents a premium of approximately 24.88% over the VWAP of the Shares of S\$2.05 for the period after the Delisting Update Announcement and up to 3 April 2024, being the last full day of trading of the Shares prior to the Offer Announcement.
- (vi) The Final Exit Offer Price represents a premium of approximately 14.80% over the VWAP of the Shares of S\$2.23 on 3 April 2024, being the last full day of trading of the Shares prior to the Offer Announcement.
- (vii) The Final Exit Offer Price represents a premium of approximately 4.07% over the VWAP of the Shares of S\$2.46 for the period after the Offer Announcement and up to 24 May 2024, being the last full day of trading of the Shares prior to the Final Offer Announcement.
- (viii) The Final Exit Offer Price represents a premium of approximately 2.81% over the VWAP of the Shares of S\$2.49 on 24 May 2024, being the last full day of trading of the Shares prior to the Final Offer Announcement.
- (ix) The Final Exit Offer Price represents a premium of approximately 2.81% over the VWAP of the Shares of S\$2.49 for the period after the Final Offer Announcement and up to the Latest Practicable Date.
- (x) For the period after the release of the Final Offer Announcement to the Latest Practicable Date, the Shares have traded between a low of S\$2.48 and a high of S\$2.50. The Final Exit Offer Price represents a premium of S\$0.08 (or 3.23%) above the lowest transacted price and a premium of S\$0.06 (or 2.40%) above the highest transacted price of the Shares. The Shares have traded below the Final Exit Offer Price on 15 out of 15 market days from the Final Offer Announcement to the Latest Practicable Date.
- (xi) The Shares were closed below the Final Exit Offer Price at S\$2.49 on 14 June 2024, being the Latest Practicable Date.
- With regard to the Valuation Ratios of the Comparable Companies:
 - (i) The P/ANAV ratio of the Group of 1.88 times implied by the Final Exit Offer Price is within the range of the P/NAV ratios of the Comparable Companies and above the mean and median P/NAV ratio of the Comparable Companies of 1.53 times and 1.77 times, respectively.
 - (ii) The PS ratio of the Group of 2.13 times implied by the Final Exit Offer Price is close to the top end of the range of the PS ratios of the Comparable Companies and above the mean and median PS ratios of the Comparable Companies of 0.90 times and 0.82 times, respectively.
 - (iii) The PE and EV/EBITDA ratios were excluded from the factors taken into consideration in determining the fairness of the financial terms of the Exit Offer due to disparities in earnings among the various stock indices on which the Comparable Companies are traded. Notwithstanding the exclusion of the PE and EV/EBITDA ratios, the IFA would like to clarify that in assessing the financial terms of the Exit Offer, both the PE and EV/EBITDA ratios of the Comparable Companies have been adequately considered and analysed as detailed in Sections 8.3 and 9(c) of the Letter.

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- With regard to the precedent Privatisation Transactions:
 - (i) The premia implied by the Final Exit Offer Price of 46.29% over the last transacted price of the Shares prior to the Delisting Update Announcement is within the range of the corresponding premia of the Privatisation Transactions and above the mean and median of the corresponding premia of the Privatisation Transactions.
 - (ii) The premia implied by the Final Exit Offer Price of 47.13% over the VWAPs for the 1-month period prior to the Delisting Update Announcement is within the range of the corresponding premia of the Privatisation Transactions and above the mean and median of the corresponding premia of the Privatisation Transactions.
 - (iii) The premia implied by the Final Exit Offer Price of 46.29% over the VWAPs for the 3-month period prior to the Delisting Update Announcement Date is within the range and above the mean and median of the corresponding premia of the Privatisation Transactions.
 - (iv) The premia implied by the Final Exit Offer Price of 48.84% to the VWAPs for the 6-month period prior to the Delisting Update Announcement Date is within the range of the corresponding premia of the Privatisation Transactions and above the mean and median of the corresponding premia of the Privatisation Transactions.
 - (v) The P/ANAV ratio of the Group of 1.88 times as implied by the Final Exit Offer Price, is within the range of P/NAV or P/RNAV ratios of the Privatisation Transactions and above the mean and median P/NAV or P/RNAV ratios of the Privatisation Transactions.
- Based on ECA's own estimates and computations, the estimated value of the Shares ranges between S\$1.36 to S\$2.69 for each Share. The Final Exit Offer Price is within the fourth quartile range of the estimated value of the Shares. **We wish to reiterate that ECA's own estimates and computations are theoretical and do not imply that the Shares should trade within such range.**

We consider the financial terms of the Exit Offer to be REASONABLE after taking into consideration the following factors:

- With regard to the trading liquidity of the Shares:
 - (i) Over the 1-year period prior to the release of the Delisting Update Announcement, the Shares were traded on 253 days out of a total of 253 market days. The average daily trading volume of the Shares for the 1-month, 3-month, 6-month, and 12-month periods up to and including the day prior to the release of the Delisting Update Announcement represent 0.30%, 0.21%, 0.20% and 0.31% of the free float of the Shares respectively.
 - (ii) For the period after the Delisting Update Announcement and up to 3 April 2024, being the last full day of trading of the Shares prior to the Offer Announcement, the average daily trading volume on the Shares was approximately 1,613,771 Shares, representing 1.27% of the free float of the Shares.

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- (iii) For the period after the Offer Announcement and up to 24 May 2024, being the last full day of trading of the Shares prior to the Final Offer Announcement, the average daily trading volume on the Shares was approximately 977,671 Shares, representing 0.77% of the free float of the Shares.
- (iv) For the period after the Final Offer Announcement and up to the Latest Practicable Date, the average daily trading volume on the Shares was approximately 538,840 Shares, representing 0.42% of the free float of the Shares.
- We observed that the Company expressed concerns regarding the Chinese market. As stated in Paragraph 8.2 above, the Group's presence in the Chinese market has significantly contributed to its financial performance over the past six fiscal years, accounting for a substantial portion of the Group's total revenue, ranging from 43.17% to 61.32%. As demonstrated by the aforementioned financial performance, the Group's revenues and profitability have been adversely affected by uncertainties prevailing in the Chinese market. Additionally, ECA has sighted several historical data points suggesting that between FY2022 and FY2023, the decline in revenue from China was primarily attributable to reduced volume, average selling price, and foreign currency exchange losses due to the depreciation of the Chinese Yuan against the Singapore Dollar. Therefore, any slowdown in the Chinese market would likely have an impact on the Company's financials moving forward.
- The probability of receiving competing offers is low. Therefore, the Exit Offer provides an opportunity for Eligible Shareholders who may find it difficult to exit their investment in the Company at a fair market price due to low trading liquidity.
- The intentions of Non-Participating Shareholders regarding the Company, including its future plans, as outlined in Paragraph 10 of the Circular.

Accordingly, we advise the Recommending Directors to recommend that Shareholders VOTE IN FAVOUR of the Selective Capital Reduction. Should Shareholders wish to realise their investments in the Company, they can also choose to sell their Shares in the open market at a price equivalent to or higher than the Final Exit Offer Price (after deducting transaction costs)."

SHAREHOLDERS ARE ADVISED TO READ THE FULL TEXT OF THE IFA LETTER SET OUT IN APPENDIX A TO THIS CIRCULAR CAREFULLY.

16. ADMINISTRATIVE PROCEDURES

16.1 Record Date

Subject to the conditions in paragraphs 8.1 and 8.2 above being satisfied, the Eligible Shareholders registered in the Register of Members as at the Record Date will be entitled to receive S\$2.56 for each Share registered in their respective names as at the Record Date.

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16.2 Settlement of Cash Distribution

- 16.2.1 Subject to the conditions in paragraphs 8.1 and 8.2 above being satisfied, on the lodgement of a copy of the Court Order together with the other documents prescribed under the Companies Act with the Registrar, the Selective Capital Reduction shall take effect on such date (“**Effective Date**”), and payment of the Cash Distribution pursuant to the Selective Capital Reduction will be made in the manner set out below.
- 16.2.2 Eligible Shareholders whose Shares are registered in the Register of Members as at the Record Date will have the cheques for payment of their entitlements to the Cash Distribution under the Selective Capital Reduction despatched to them by ordinary post at their own risk at their Registered Addresses within seven (7) Business Days of the Effective Date.
- 16.2.3 Eligible Shareholders who are Depositors and who have Shares standing to the credit of their Securities Accounts as at the Record Date, will have payment of their respective entitlements to the Cash Distribution under the Selective Capital Reduction credited directly into their designated bank accounts via CDP’s direct crediting service. Eligible Shareholders who are not subscribed to CDP’s direct crediting service, will have payment of their respective entitlements to the Cash Distribution under the Selective Capital Reduction credit to such Eligible Shareholder’s cash ledger with CDP and such Cash Distribution shall be subject to the same terms and conditions applicable to “*Cash Distributions*” under “*The Central Depository (Pte) Limited Operation of Securities Account with the Depository Terms and Conditions*” as amended, modified or supplemented from time to time, copies of which are available from CDP.
- 16.2.4 An Eligible Shareholder who wishes to record any change in his Registered Address should notify the Share Registrar, Tricor Barbinder Share Registration Services, at 9 Raffles Place, #26-01, Republic Plaza Tower I, Singapore 048619 of such change before the Record Date.

17. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-5 of this Circular, will be convened on 19 July 2024 at 9 a.m. at 10 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117438 for the purpose of considering and, if thought fit, passing with or without modifications, the Resolutions set out in the Notice of EGM.

18. ACTIONS TO BE TAKEN BY SHAREHOLDERS

- 18.1 Shareholders who are unable to attend the EGM and who wish to appoint proxy(ies) to attend, speak and vote at the EGM on their behalf will find in this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible. There is no option for Shareholders to participate virtually.

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18.2 The Proxy Form must be submitted to the Company in the following manner:

18.2.1 by depositing a hard copy by post at 20 Pasir Panjang Road, #08-28 Mapletree Business City, Singapore 117439; or

18.2.2 if submitted electronically, by email to IR@bestworld.com.sg,

in either case, by no later than 9 a.m. on 16 July 2024, being not less than seventy-two (72) hours before the time fixed for the EGM, and failing which, the Proxy Form will not be treated as valid. The completion and return of a Proxy Form by a Shareholder does not preclude him/her from attending, speaking and voting in person at the EGM if he/she is able to do so.

18.3 A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he/she is shown to have Shares entered against his/her name in the Depository Register, as certified by the CDP as at seventy-two (72) hours before the EGM.

Submission of questions in advance

18.4 Shareholders may submit questions relating to the Resolutions to be tabled for approval at the EGM. All questions must be submitted to the Company no later than 9 a.m. on 3 July 2024 (a) by email to IR@bestworld.com.sg, or (b) by post and lodging the same at 20 Pasir Panjang Road #08-28 Mapletree Business City Singapore 117439, and provide the following particulars, for verification purpose:

18.4.1 full name/full company name (as per CDP/CPF/SRS/scrip-based records);

18.4.2 NRIC or Passport Number (for individuals)/Company Registration Number (for corporates);

18.4.3 contact number and email address; and

18.4.4 the manner in which you hold Shares in the Company (e.g. via CDP, CPF, SRS and/or scrip).

Please note that the Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its Shareholder status.

18.5 Alternatively, Shareholders may also ask questions during the EGM.

19. DESPATCH OF PRINTED COPIES

Printed copies of the Circular, the Notice of EGM and the Proxy Form in respect of the EGM will be despatched to Shareholders. A copy of the Circular attaching the Notice of EGM and the Proxy Form has also been uploaded on SGXNet. A Shareholder will need an internet browser and PDF reader to view these documents on SGXNet.

LETTER TO SHAREHOLDERS

20. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

- 20.1 CPFIS Investors who wish to attend and vote at the EGM are advised to consult their respective CPF Agent Banks should they require further information and to submit their votes at least seven (7) Business Days before the EGM i.e. by 9 a.m. on 10 July 2024. If they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice.
- 20.2 SRS Investors who wish to attend and vote at the EGM are advised to consult their respective SRS Operators should they require further information and to submit their votes at least seven (7) Business Days before the EGM i.e. by 9 a.m. on 10 July 2024. If they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice.

21. DEPOSITORS

A Depositor shall not be regarded as a member of the Company unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, as at seventy-two (72) hours before the EGM.

22. DIRECTORS' RECOMMENDATIONS

The Recommending Directors, having considered carefully the terms of the Exit Offer and the advice given by the IFA in the IFA Letter, concur with the advice given by the IFA in respect of the Exit Offer as set out in paragraph 15 above and in **Appendix A** to the Circular. The Recommending Directors are of the opinion that the proposed Exit Offer is in the best interests of the Shareholders. Accordingly, they recommend that the Eligible Shareholders vote in favour of the Resolutions set out in the Notice of EGM.

The Recommending Directors considered, among other things, the advice given by the IFA, the rationale for the proposed Exit Offer, the current financial condition of the Company, the current business and market conditions and near term outlook, and the other options potentially available such as a voluntary general offer and a scheme of arrangement, and are of the view that the proposed Exit Offer is in the best interests of the Shareholders as the Exit Offer is an opportunity for Eligible Shareholders to realise their investment in the Shares at a premium to historical traded prices of the Shares. Further, the economic and market conditions remain highly uncertain amid continuing geopolitical tensions and there has been concerns of slow economic growth in the major markets that the Company operates. There is no assurance that these conditions will not deteriorate in 2025 and that the Company's business and financial performance will not be correspondingly affected. The Recommending Directors are therefore of the view that undertaking the proposed Exit Offer at this time is in the best interests of the Company and the Shareholders.

In making the recommendation, each of the Recommending Directors has not had regard to the general or specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. Accordingly, the Recommending Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax advisor or other professional adviser immediately.

LETTER TO SHAREHOLDERS

23. DIRECTORS' RESPONSIBILITY STATEMENT

- 23.1 The Directors (including any Director who may have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular (other than (a) the IFA Letter set out in **Appendix A** to this Circular for which the IFA has taken responsibility, and (b) all other facts relating to the Non-Participating Shareholders (such as personal particulars, disclosure of interests and information in relation to their concert parties)) constitutes full and true disclosure of all material facts about the Exit Offer, the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.
- 23.2 Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source (including, without limitation, information in relation to the IFA), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

24. DOCUMENTS FOR INSPECTION

- 24.1 A copy of the following documents may be inspected by Shareholders at the registered office of the Company at 20 Pasir Panjang Road, #08-28 Mapletree Business City, Singapore 117439, during normal business hours from the date of this Circular up to the date of the EGM:
- 24.1.1 the Constitution;
 - 24.1.2 the Announcement and Price Revision Announcement;
 - 24.1.3 the annual report of the Company for FY2023;
 - 24.1.4 the audited consolidated financial statements of the Group for FY2021, FY2022, and FY2023;
 - 24.1.5 the letters of undertaking as set out in paragraph 14.1 above;
 - 24.1.6 the IFA letter as set out in **Appendix A** to this Circular; and
 - 24.1.7 the letters of consent referred to in **Appendix D** to this Circular.

Yours faithfully

For and on behalf of the Board of
BEST WORLD INTERNATIONAL LIMITED

Huang Ban Chin
Chief Operating Officer and Executive Director

APPENDIX A LETTER FROM THE IFA

EVOLVE CAPITAL ADVISORY PRIVATE LIMITED

(Company Registration Number: 201718400R)
(Incorporated in the Republic of Singapore)
138 Robinson Road, Oxley Tower,
#13-02, Singapore 068906

24 June 2024

To: The Recommending Directors of Best World International Limited
(deemed to be independent in respect of the Exit Offer)

Mr Adrian Chan Pengee	(Non-Executive and Lead Independent Director)
Mr Lee Sen Choon	(Non-Executive and Non-Independent Director)
Mr Chester Fong Po Wai	(Non-Executive and Independent Director)

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE IN RESPECT OF THE PROPOSED EXIT OFFER BY WAY OF A PROPOSED SELECTIVE CAPITAL REDUCTION

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 24 June 2024 (“Circular”) issued by the Company to the shareholders of the Company (“Shareholders”) shall have the same meaning herein.

1. INTRODUCTION

On 22 March 2024 (“**Delisting Update Announcement Date**”), Best World International Limited (“**Company**”, together with its subsidiaries, “**Group**”) announced that, *inter alia*, it is proposing to undertake a Selective Capital Reduction of the Company pursuant to Section 78G of the Companies Act to serve as an exit offer to Shareholders (“**Exit Offer**”) and to eventually delist from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) pursuant to Rule 1309 of the Listing Manual of the SGX-ST (“**Delisting Update Announcement**”).

The Company was incorporated in the Republic of Singapore on 11 December 1990, was listed on the SGX-ST SESDAQ on 8 July 2004 and was transferred to the Mainboard of the SGX-ST on 18 September 2006. The Company is an investment holding company, and through its subsidiaries, the Group is engaged in the distribution of nutritional supplement products, personal care products, and healthcare equipment.

The major Shareholders of the Company and their concert parties who are involved in the business of the Company (“**Non-Participating Shareholders**”) are:

- (i) D2 Investment Pte. Ltd. (“**D2 Investment**”), the legal owner of 192,787,500 Shares representing 45.05% of the issued and paid-up share capital of the Company, which are held for the benefit of Dora Hoan Beng Mui and Doreen Tan Nee Moi;

APPENDIX A LETTER FROM THE IFA

- (ii) Dora Hoan Beng Mui, the legal and beneficial owner of 32,330,000 Shares representing 7.56% of the issued and paid-up share capital of the Company. She is the legal and beneficial owner of 50.00% of the shares in D2 Investment;
- (iii) Doreen Tan Nee Moi, the legal and beneficial owner of 31,380,000 Shares representing 7.33% of the issued and paid-up share capital of the Company. She is the legal and beneficial owner of 50.00% of the shares in D2 Investment;
- (iv) Huang Ban Chin, the legal and beneficial owner of 23,300,000 Shares representing 5.45% of the issued and paid-up share capital of the Company;
- (v) Li Lihui, the legal and beneficial owner of 250,000 Shares representing 0.058% of the issued and paid-up share capital of the Company. Li Lihui is the daughter of Dora Hoan Beng Mui and is presumed to be acting in concert with Dora Hoan Beng Mui; and
- (vi) Pek Jia Rong, the legal and beneficial owner of 250,000 Shares representing 0.058% of the issued and paid-up share capital of the Company. Pek Jia Rong is the daughter of Doreen Tan Nee Moi and is presumed to be acting in concert with Doreen Tan Nee Moi.

The Non-Participating Shareholders will not be participating in the Exit Offer and collectively own 280,297,500 Shares, representing 65.50% of the Company's issued and paid-up share capital.

On 3 April 2024 ("**Offer Announcement Date**"), the Company proposed to use its cash to cancel all of the 150,147,893 Shares held by all other Shareholders who are not the Non-Participating Shareholders ("**Eligible Shareholders**") in consideration for **S\$2.50** in cash per Share ("**Exit Offer Price**") by way of the Selective Capital Reduction giving the Eligible Shareholders a reasonable opportunity to realise the value of their Shares via the Exit Offer and the Proposed Delisting of the Company ("**Offer Announcement**").

On 24 May 2024 ("**Final Offer Announcement Date**"), the Company announced that it had revised its Exit Offer Price to **S\$2.56** in cash per Share ("**Final Exit Offer Price**") and to use its cash to cancel all of the outstanding 147,617,893 Shares held by Eligible Shareholders and also announced that it does not intend to revise the Final Exit Offer Price ("**Final Offer Announcement**"). Accordingly, the aggregate sum of S\$377,901,806 arising from the Exit Offer will be returned to the Eligible Shareholders in cash on the basis of **S\$2.56** for each Share held by each Eligible Shareholder that is cancelled as a result of the Selective Capital Reduction.

To effect and as a result of the Exit Offer, the Company proposes to undertake other corporate actions, including but not limited to:

- (i) the proposed capitalisation of retained earnings to avail to be utilised for distribution to Shareholders pursuant to the Selective Capital Reduction; and
- (ii) upon the approval of the Selective Capital Reduction, the proposed delisting of the Company from the SGX-ST.

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Pursuant to the rulings received from the Securities Industry Council (“**SIC**”) in relation to the Selective Capital Reduction, the Non-Participating Shareholders and their concert parties are to abstain from voting on the Selective Capital Reduction. In view of Pek Wei Liang’s familial relationship with Doreen Tan Nee Moi and Li Lihui’s familial relationship with Dora Hoan Beng Mui, and taking into consideration Note 3 of Rule 24.1 of the Singapore Code on Take-overs and Mergers (“**Code**”) which states that directors who have an irreconcilable conflict of interests should not join with the remainder of the Board in the expression of its views on the offer, the SIC has ruled that Dora Hoan Beng Mui, Doreen Tan Nee Moi, Huang Ban Chin, Li Lihui and Pek Wei Liang (collectively, “**Abstaining Directors**”), are to abstain from making a recommendation and are exempted from the requirement to make a recommendation on the Selective Capital Reduction to the Eligible Shareholders.

Accordingly, we understand that the remaining Directors, namely Lee Sen Choon, Adrian Chan Pengee and Chester Fong Po Wai, are considered independent for the purposes of making a recommendation on the Selective Capital Reduction (“**Recommending Directors**”).

In connection with the Exit Offer, Evolve Capital Advisory Private Limited (“**ECA**”) has been appointed by the Company as the Independent Financial Adviser (“**IFA**”) pursuant to Rule 1309(2), as well as to advise the Recommending Directors for the purposes of making their recommendation to Eligible Shareholders in respect of the Selective Capital Reduction.

This letter (“**Letter**”) sets out, *inter alia*, our views and evaluation of the financial terms of the Exit Offer, our opinion thereon, and forms part of the Circular providing, *inter alia*, details of the Selective Capital Reduction and the recommendation of the Recommending Directors and it is to be despatched to Shareholders in relation to the Exit Offer.

2. TERMS OF REFERENCE

We have been appointed as required under Rule 1309(2) of the Listing Manual as well as to advise the Recommending Directors on the financial terms of the Exit Offer in compliance with the provisions of the Code and/or the Listing Manual. We have confined our evaluation to the financial terms of the Exit Offer and have not taken into account the commercial risks and/or commercial merits of the Exit Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long-term merits of the Exit Offer or on the future prospects of the Company and/or the Group or the method and terms by which the Exit Offer is made or any other alternative methods by which the Exit Offer may be made. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

We are not authorised, and we have not solicited any indications of interest from any third party with respect to the Shares. We are, therefore, not addressing the relative merits of the Exit Offer as compared to any alternative transaction that may be available to the Company (or its Shareholders) or as compared to any alternative offer that might otherwise be available in the future.

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In the course of our evaluation of the financial terms of the Exit Offer, we have relied on and assumed, without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on information provided and representations made, including relevant financial analyses and estimates, by the management of the Company (“**Management**”), the Directors, the Company’s solicitors and auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information.

We have relied upon the assurances of the Directors that, upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Exit Offer, the Company and/or the Group has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Exit Offer, Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Exit Offer and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts with respect to the Company and/or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion in this Letter.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including, without limitation, property, plant and equipment).

We will be relying on the disclosures and representations made by the Company regarding the value of the assets, liabilities, and profitability of the Company and/or the Group. We have not been furnished with any such evaluation or appraisal. We have not relied on any financial projections or forecasts in respect of the Company and/or the Group for the purpose of our evaluation of the Exit Offer.

Our analysis and opinion, as set out in this Letter, are based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at 14 June 2024 (“**Latest Practicable Date**”). Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Exit Offer, which the Company may release after the Latest Practicable Date.

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In rendering our opinion, we did not have regard for the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Recommending Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to accept the Exit Offer.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this Letter).

Our opinion with respect to the Exit Offer, as set out in Paragraph 9 of this Letter, should be considered in the context of the entirety of this Letter and the Circular.

3. THE EXIT OFFER

The following information has been extracted from Sections 3, 4, 5 and 8 of the Circular and is reproduced in italics below. Shareholders are advised to carefully read the terms and conditions of the Exit Offer as set out in the Circular. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Circular.

On the Exit Offer:

“4. SELECTIVE CAPITAL REDUCTION

4.1 *The Company proposes to cancel all of the 147,617,893 Shares held by the Eligible Shareholders in consideration for S\$2.56 in cash per Share by way of the Selective Capital Reduction. Accordingly, the aggregate sum of S\$377,901,806 arising from the Selective Capital Reduction will be returned to the Eligible Shareholders in cash, on the basis of S\$2.56 for each Share held by each Eligible Shareholder that is cancelled as a result of the Selective Capital Reduction. **Shareholders should note that the Final Exit Offer Price of S\$2.56 for each Share is final and the Company will not revise the same.***

4.2 *In arriving at the Final Exit Offer Price of S\$2.56 for each Share, the Company had taken into consideration, among others:*

4.2.1 *the historical trading price of the Shares for the past 6 months up to and including the Last Undisturbed Trading Day which ranged between S\$1.60 to S\$1.83;*

4.2.2 *the adjusted net asset value (“NAV”) per Share as at 31 December 2023 based on the FY2023 Results and subtracting S\$6.27 million to reflect the total consideration for the share buyback cash purchases of 2,530,000 Shares made by way of market acquisition conducted by the Company after 31 December 2023 and up to the Latest Practicable Date (“Share Buyback”) (“Adjusted NAV”) of S\$1.36;*

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- 4.2.3 *the current cash position of the Group and taking into consideration of the ongoing working capital, as well as the operating expenditures of the Company;*
- 4.2.4 *available resources to the Company which may be impacted by difficulties and constraints on the repatriation of funds from the People's Republic of China, as well as other overseas markets back to Singapore; and*
- 4.2.5 *the current market conditions in the industries and markets which the Group operates in.*
- 4.3 *The Final Exit Offer Price of S\$2.56 for each Share represents:*
- 4.3.1 *a premium of approximately 46.29% over the last traded price of the Shares on the SGX-ST of S\$1.75 on 21 March 2024, being the last full day of trading of the Shares prior to the Delisting Update Announcement Date ("**Last Undisturbed Trading Day**");*
- 4.3.2 *a premium of approximately 47.13%, 46.29%, and 48.84% over the VWAP of the Shares for the 1-month period, 3-month period, and 6-month period, up to and including the Last Undisturbed Trading Day, respectively;*
- 4.3.3 *a premium of approximately 88.24% over the Adjusted NAV per Share of S\$1.36 as at 31 December 2023;*
- 4.3.4 *a premium of approximately 15.32% over the last traded price of the Shares on the SGX-ST of S\$2.22 on 3 April 2024, being the last full day of trading of the Shares prior to the Announcement Date;*
- 4.3.5 *a premium of approximately 8.47% over the VWAP for the period between 22 March 2024 (being the Delisting Update Announcement Date) and 24 May 2024, being the last full day of trading of the Shares prior to the Price Revision Announcement ("**Revised Last Trading Day**");*
- 4.3.6 *a premium of approximately 4.07% over the VWAP for the period between 4 April 2024 (being the date after the Announcement Date) and the Revised Last Trading Day; and*
- 4.3.7 *a premium of approximately 2.40% over the last traded price of the Shares on the SGX-ST of S\$2.50 on the Revised Last Trading Day.*
- Shareholders should note that the Final Exit Offer Price of S\$2.56 for each Share is final and the Company will not revise the same.**
- 4.4 *The Directors have confirmed that, as at the Latest Practicable Date, no alternative offer or proposal from any third party has been received for the shares of the Company. The Company also notes that there is no publicly available evidence of any alternative offer for the Shares from any third party.*

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5. CONFIRMATION OF FINANCIAL RESOURCES

- 5.1 *The Board has confirmed that sufficient financial resources are available to the Company to fund the aggregate sum of the Cash Distribution which will be returned to the Eligible Shareholders if the Selective Capital Reduction becomes effective.*
- 5.2 *The Financial Adviser, RHT Capital Pte. Ltd., has confirmed that sufficient financial resources are available to the Company to fund the aggregate sum of the Cash Distribution which will be returned to the Eligible Shareholders if the Selective Capital Reduction becomes effective.*
- 5.3 *The Company confirms that it has placed at least S\$377,910,000 in the escrow account. The escrow agent, CitiCorp International Limited (“**Escrow Agent**”), shall release the monies for the purposes of the Cash Distribution pursuant to the terms of the escrow agreement entered into between the Company, RHT Capital Pte. Ltd., and the Escrow Agent.”*

To effect the Proposed Exit Offer, the Group has to undertake a capitalisation of the Company’s retained earnings to have enough share capital to distribute to Shareholders. Pertinent information on the capitalisation is detailed below:

“3. CAPITALISATION OF THE COMPANY’S RETAINED EARNINGS

- 3.1 *As the Company’s issued and paid-up share capital is presently only S\$2,343,402 (excluding treasury shares), there is insufficient share capital to undertake the Selective Capital Reduction and the Company therefore intends to capitalise part of its retained earnings prior to undertaking the Selective Capital Reduction exercise, which is further described in paragraph 4 below. S\$377,901,806 of the Company’s retained earnings shall be applied in paying up for the allotment and issuance of new Shares (“**Additional Shares**”), which translates to the price of approximately S\$0.8831 per Additional Share. Such Additional Shares shall be allotted, issued and credited as fully paid-up to the Shareholders in the proportion of one Additional Share to one Share held by a Shareholder which will be **immediately cancelled in their entirety without any distribution to the Shareholders** (collectively, “**Capitalisation**”). The sum of S\$377,901,806 created in the issued and paid-up share capital of the Company shall be utilised for distribution to Eligible Shareholders pursuant to the Selective Capital Reduction. Following the Capitalisation, the Company’s issued and paid-up share capital, presently at S\$2,343,402, will increase to S\$380,245,208. Therefore, the Capitalisation is to ensure that there is sufficient share capital such that upon completion of the Selective Capital Reduction, each Eligible Shareholder would receive S\$2.56 for each Share held.*
- 3.2 *As at 30 April 2024, the Company has cash and cash equivalents of S\$451,974,912.”*

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The process of the capitalisation, selective capital reduction and the delisting of the Company extracted from Section 8 of the Circular as detailed below:

“8. PROCESS OF THE CAPITALISATION, SELECTIVE CAPITAL REDUCTION, AND DELISTING

8.1 *As mentioned in paragraph 1 above, Shareholders’ approvals are being sought for the following:*

8.1.1 *the proposed Capitalisation by way of an ordinary resolution pursuant to Regulation 141 of the Constitution (“**Ordinary Resolution**”);*

8.1.2 *the proposed Selective Capital Reduction by way of a special resolution approved by a majority of at least 75 per cent of all Shares held by the Eligible Shareholders present and voting at the EGM pursuant to Section 78G of the Companies Act (“**Special Resolution 1**”); and*

8.1.3 *the proposed Delisting by way of a special resolution under Rules 1307 and 1309 of the Listing Manual. Such special resolution requires the approval of a majority of at least 75 per cent of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) held by the Shareholders (excluding the Non-Participating Shareholders and their concert parties) present and voting, on a poll, either in person or by proxy at the EGM to be convened for the Shareholders to vote on this resolution (“**Special Resolution 2**”). The Non-Participating Shareholders and their concert parties must abstain from voting on the resolution. The list of Non-Participating Shareholders and their concert parties and their respective shareholdings in the Company are set out in paragraph 1 of **Appendix B** to this Circular.*

8.2 *Pursuant to Section 78G of the Companies Act, in order for the Selective Capital Reduction to be approved:*

8.2.1 *Special Resolution 1 must be passed by Eligible Shareholders approving the Selective Capital Reduction; and*

8.2.2 *the approval and confirmation by the Court of the Selective Capital Reduction must be obtained.*

8.3 *After the Shareholders’ approvals of the Resolutions have been obtained, an application will be made to the Court in relation to the Selective Capital Reduction.*

8.4 *For the avoidance of doubt, the Selective Capital Reduction is conditional upon Shareholders’ approvals of the Resolutions (with each of the Resolutions being inter-conditional upon one another), and the approval and confirmation of the Selective Capital Reduction by the Court. Furthermore, the implementation of the Resolutions is contingent upon the approval and confirmation of the Selective Capital Reduction by the Court. **In the event that the Resolutions are not approved by the Shareholders at the EGM, the Exit Offer will not proceed and will lapse. Accordingly, the Company will remain listed on the SGX-ST.***

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- 8.5 *Upon the Court Order, the Selective Capital Reduction will take effect upon the lodgement of a copy of the Court Order, together with the other documents as prescribed under the Companies Act, with the Registrar of Companies of Singapore (“Registrar”) within ninety (90) days beginning with the date the Court Order is made, or within such longer period as the Registrar may allow.*
- 8.6 *It is only after obtaining the necessary Shareholders’ and Court’s approvals, will the Company be able to settle the Cash Distribution to the Eligible Shareholders and submit an application to delist to the SGX-ST under Rule 1307 of the Listing Manual.*
- 8.7 *Upon completion of the Selective Capital Reduction, the Non-Participating Shareholders will collectively hold the remaining 280,297,500 Shares that are not cancelled, representing the entire equity share capital of the Company.*
- 8.8 *In the event that any of the conditions in paragraphs 8.1 and 8.2 above is not fulfilled and the Company is unable to undertake the Exit Offer and withdraws the same, the Company will evaluate other available options including the possibility of retaining its listing status or to consider other avenues for privatisation, subject to compliance with requirements under the Code and the Listing Manual. Should an exit offer still be considered the best available option at the relevant time, which under the Code cannot be undertaken earlier than 12 months from the date of withdrawal or lapse of the Exit Offer, while the Company may attempt to enhance the exit offer, there is no certainty or assurance that the financial performance of the Company, or the business and market conditions, will not deteriorate at such material time, or that the Company is able to repatriate the funds from overseas subsidiaries including but is not limited to People’s Republic of China. Shareholders should note that the 12-month default restriction against undertaking another exit offer is irrespective of whether the exit offer price for any subsequent offer is higher, lower or the same as the current Final Exit Offer Price.”*

4. INFORMATION ON THE COMPANY

The information on the Company, as set out below in italics, has been extracted from Section 2 of the Circular. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Circular.

- “2.1 *The Company was incorporated in the Republic of Singapore on 11 December 1990. The Company was listed on the SGX-ST SESDAQ on 8 July 2004 and was transferred to the Mainboard of the SGX-ST on 18 September 2006. The Company is an investment holding company and is engaged in the business of the distribution of nutritional supplement products, personal care products and healthcare equipment.*
- 2.2 *As at the Latest Practicable Date, the Company has an issued and fully paid-up share capital of S\$2,343,402 comprising 427,915,393 Shares. The Company holds 23,097,600 treasury shares and there are no instruments convertible into Shares, or any options, rights or warrants for the issuance of any new Shares, outstanding.”*

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Corporate History of the Company

The Group has undergone several significant corporate developments beginning in FY2019, which we have summarised and are to be read in line with the share price movements of the Group, which we have detailed in Paragraph 8.1 below.

Additional information on the Company can be found on its website at <https://www.bestworld.com.sg/>.

The directors of the Company are as follows:

- (a) Ms Dora Hoan Beng Mui (Executive Director);
- (b) Ms Doreen Tan Nee Moi (Executive Director);
- (c) Mr Huang Ban Chin (Executive Director);
- (d) Mr Adrian Chan Pengee (Non-Executive and Lead Independent Director);
- (e) Mr Lee Sen Choon (Non-Executive and Non-Independent Director);
- (f) Mr Chester Fong Po Wai (Non-Executive and Independent Director);
- (g) Ms Li Lihui (Alternate Director to Dora Hoan Beng Mui); and
- (h) Mr Pek Wei Liang (Alternate Director to Doreen Tan Nee Moi).

Implied Market Capitalisation

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 427,915,393 Shares (excluding treasury shares). Based on the Final Exit Offer Price of **S\$2.56** per Share and the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately S\$1.10 billion.

5. INFORMATION ON THE NON-PARTICIPATING SHAREHOLDERS

The following information on the Non-Participating Shareholders has been extracted from Section 2 of the Circular and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Circular.

“2.6 The Non-Participating Shareholders who are involved in the business of the Company are:

- 2.6.1 D2 Investment Pte. Ltd., the legal owner of 192,787,500 Shares representing 45.05% of the issued and paid-up share capital of the Company which are held for the benefit of Dora Hoan Beng Mui and Doreen Tan Nee Moi;*

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- 2.6.2 *Dora Hoan Beng Mui (Co-Chairman, Group CEO/Managing Director), the legal and beneficial owner of 32,330,000 Shares representing 7.56% of the issued and paid-up share capital of the Company. She is the legal and beneficial owner of 50.00% of the shares in D2 Investment Pte. Ltd.;*
- 2.6.3 *Doreen Tan Nee Moi (Co-Chairman, President), the legal and beneficial owner of 31,380,000 Shares representing 7.33% of the issued and paid-up share capital of the Company. She is the legal and beneficial owner of 50.00% of the shares in D2 Investment Pte. Ltd.;*
- 2.6.4 *Huang Ban Chin (Chief Operating Officer and Executive Director), the legal and beneficial owner of 23,300,000 Shares representing 5.45% of the issued and paid-up share capital of the Company;*
- 2.6.5 *Li Lihui (Alternate Director to Dora Hoan Beng Mui), the legal and beneficial owner of 250,000 Shares representing 0.06% of the issued and paid-up share capital of the Company. Li Lihui is the daughter of Dora Hoan Beng Mui and is presumed to be acting in concert with Dora Hoan Beng Mui; and*
- 2.6.6 *Pek Jia Rong (an independent distributor of the Group), the legal and beneficial owner of 250,000 Shares representing 0.06% of the issued and paid-up share capital of the Company. Pek Jia Rong is the daughter of Doreen Tan Nee Moi and is presumed to be acting in concert with Doreen Tan Nee Moi;*
- 2.7 *The Non-Participating Shareholders collectively hold 280,297,500 Shares comprising approximately 65.50% of the issued and paid-up share capital of the Company.*
- 2.8 *The Company is proposing, by way of the Selective Capital Reduction, to use its cash to cancel the Shares held by Eligible Shareholders, thereby giving the Eligible Shareholders a reasonable opportunity to realise the value of their Shares.”*

6. IRREVOCABLE UNDERTAKINGS

The information on the Irrevocable Undertakings as set out below in italics, has been extracted from Section 14 of the Circular. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Circular.

“14. IRREVOCABLE UNDERTAKINGS

- 14.1 *The Non-Participating Shareholders have each provided an unconditional and irrevocable undertaking to the Company (a) to waive any rights that they may have as a Shareholder to participate in the Selective Capital Reduction; and (b) to abstain from voting on the Resolutions at the EGM.*

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14.2 *As at the Latest Practicable Date, none of the Non-Participating Shareholders, their concert parties and/or the Company has received any irrevocable undertaking from any Eligible Shareholder to vote in favour of the Resolutions.”*

7. **RATIONALE FOR THE EXIT OFFER, NON-PARTICIPATING SHAREHOLDERS’ INTENTION FOR THE COMPANY, COMPULSORY ACQUISITION AND LISTING STATUS OF THE COMPANY**

The full text of the rationale for the Exit Offer, the Non-Participating Shareholders’ intention in relation to the Company, compulsory acquisition and the listing status of the Company has been extracted from Sections 6 and 10 of the Circular and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Circular.

“6. RATIONALE FOR THE EXIT OFFER AND DELISTING

6.1 *The Company is of the view that it is in the best interests of the Shareholders that the Company pursues the Exit Offer for the reasons set out below:*

6.1.1 *as stated in the Company’s recent FY2023 Results, the Company anticipates FY2024 to be a challenging year for the Company and its industry, with geopolitical and economic uncertainties persisting from the previous year. The Company believes a privatisation of the Company will provide the necessary flexibility to optimise its resources to focus on the longer-term strategies of the business;*

6.1.2 *the Company has no present need for access to the Singapore capital markets and has not carried out any corporate exercise to raise cash funding on the SGX-ST in the past ten years. It is also unlikely that the Company will require access to the Singapore capital markets to finance its operations in the foreseeable future;*

6.1.3 *if the Company is delisted, the Company will be able to dispense with compliance costs and resources associated with maintenance of a listed status and other regulatory requirements and channel such resources towards its business operations;*

6.1.4 *the Exit Offer provides an opportunity for Eligible Shareholders who may find it difficult to exit their investment in the Company at a fair market price due to low trading liquidity. Of the total free float Shares, the average daily trading volume in the last 1 month, 3 months and 6 months up to and including the Last Undisturbed Trading Day was only 0.30%, 0.21%, and 0.20% respectively. For the avoidance of doubt, free float refers to the Shares other than those held by the Directors, chief executive officer, controlling Shareholders or substantial Shareholders of the Company, which amounts to 127,119,393 Shares representing approximately 29.53% of the issued Shares as at 18 March 2024 as disclosed in the FY2023 Results; and*

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- 6.1.5 *the Exit Offer presents Eligible Shareholders with an opportunity to completely exit their investment in the Shares without incurring brokerage and other trading costs.*
- 6.2 *The Company has explored various options (such as a voluntary general offer and a scheme of arrangement) and determined that the best option currently is to undertake a Selective Capital Reduction, as it (a) offers a higher exit offer price for Eligible Shareholders as compared to other possible options since the Selective Capital Reduction will not involve any bank borrowings, fees or commissions, has less if any external financing requirements, and will incur lower professional fees and involve fewer professional parties; (b) is an exercise that can be led and controlled by the Company instead of being dependent on external third parties (as in the case of a voluntary general offer); and (c) has fewer requirements to be satisfied (unlike a scheme of arrangement).*
- 10. NON-PARTICIPATING SHAREHOLDERS' INTENTION FOR THE COMPANY**
- 10.1 *Non-Participating Shareholders' Future Plans for the Company*
- 10.1.1 *The Non-Participating Shareholders currently intend for the Company to continue with its existing business activities and have no intention to (a) introduce any major changes to the business of the Company, (b) re-deploy the Company's fixed assets, or (c) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business.*
- 10.1.2 *Nonetheless, the Non-Participating Shareholders retain the flexibility at any time to consider any options or opportunities in relation to the Group which may present themselves and which the Non-Participating Shareholders regard to be in the interests of the Group.*
- 10.2 *No Compulsory Acquisition*
- 10.2.1 *The Non-Participating Shareholders are not entitled to, and will not avail themselves of, the rights of compulsory acquisition under Section 215(1) of the Companies Act.*
- 10.2.2 *The Eligible Shareholders will have no right and are not entitled to require the Non-Participating Shareholders to acquire their Shares under Section 215(3) of the Companies Act."*

Listing Status of the Company

After obtaining the necessary Shareholders' and Court's approvals in relation to the Capitalisation and the Selective Capital Reduction, the Company will settle the cash distributions to the Eligible Shareholders at the Final Exit Offer Price of **S\$2.56** per Share and submit an application to delist to the SGX RegCo under Rule 1307 of the Listing Manual.

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8. ASSESSMENT OF THE FINANCIAL TERMS OF THE EXIT OFFER

In our assessment of the financial terms of the Exit Offer, we have considered the following, which we consider to be pertinent and to have a significant bearing on our assessment of the Exit Offer:

- (a) Market quotation and trading liquidity of the Shares;
- (b) Historical financial performance, position and cash flows of the Group;
- (c) Comparison with the valuation ratios of selected companies which are broadly comparable to the Group;
- (d) Comparison with recently completed privatisation transactions (“**Privatisation Transactions**”) on the SGX-ST;
- (e) Dividend track record of the Company; and
- (f) Other relevant considerations.

The figures and underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates, have been extracted from Bloomberg L.P., SGX-ST and other publicly available information as at the Latest Practicable Date or as provided by the Company where relevant. ECA makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

8.1 Market Quotation and Trading Liquidity of the Shares

We have analysed the Final Exit Offer Price in comparison to the historical Share price performance and trading volume of the Company during selected periods leading up to the Latest Practicable Date. Only selected periods were extracted as part of the analysis due to the suspension of the Company’s Shares from 9 May 2019 to 13 November 2022.

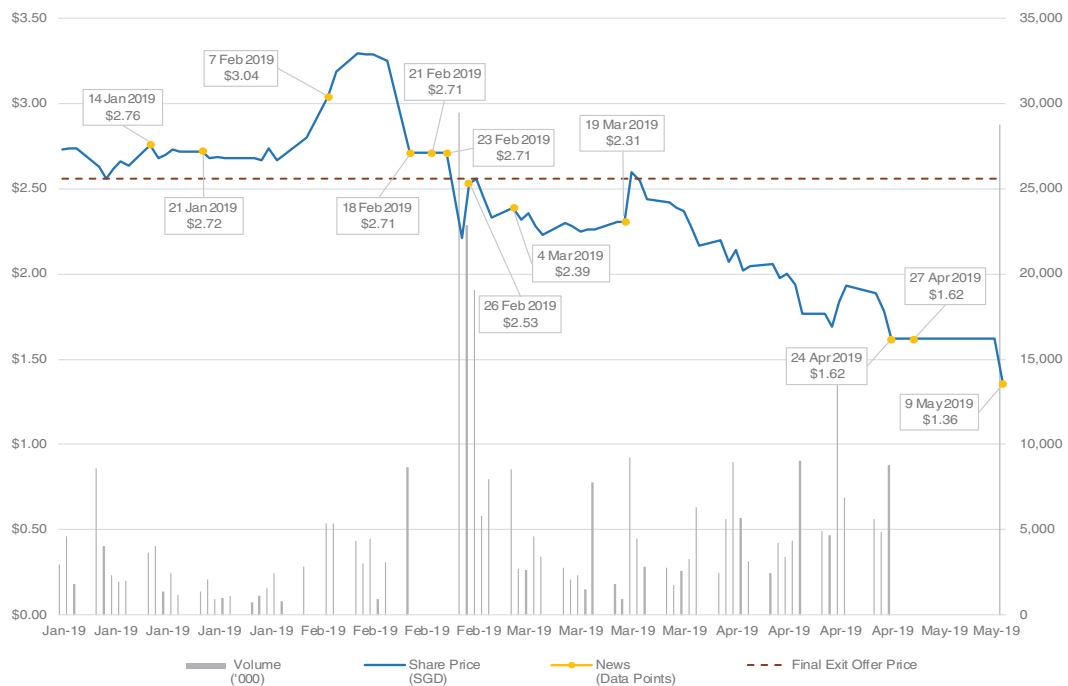
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Share Price Chart

Below, we present charts illustrating the Final Exit Offer Price, the daily last transacted prices, and the trading volume of the Shares over the selected periods.

Price Movement and Trading Volume of the Shares

Prior to Trading Suspension (2-Jan-2019 to 9-May-2019)



Source: Bloomberg L.P.

Significant announcements

- (1) 14 January 2019: The Company announced that the Company had on 11 January 2019 entered into a share subscription agreement (“SSA”) with Celligenics Pte. Ltd. (“Celligenics”) in relation to a proposed investment (“Investment”) by the Group in Celligenics in two phases, under which the Company or its designated wholly-owned subsidiary will (i) subscribe for new ordinary shares in the capital of Celligenics (“Shares”) representing 12.5% of the total number of issued Shares on a fully-diluted basis (“First Phase Subscription”), and (ii) have the right (but not the obligation), which is exercisable during the Relevant Period (during a period of 14 business days commencing from the date immediately following 18 months from the First Completion Date), to subscribe for new Shares such that the Group will hold up to 15.0% of the Shares as at the date such right is exercised, on a fully-diluted basis (“Second Phase Investment”).
- (2) 21 January 2019: The Company announced that the First Phase Subscription was completed on 21 January 2019, and its wholly-owned subsidiary, Celcott Investments Pte. Ltd., has subscribed for all 115,165 new Shares in Celligenics, representing 12.5% of the total number of issued Shares on a fully-diluted basis. The aggregate cash consideration paid by the Group on completion of the First Phase Subscription was S\$5,625,000.

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- (3) 7 February 2019: The Company received queries from SGX RegCo relating to the Company's unusual price movements, to which the Company needs to respond immediately via SGXNet. The Company announced its responses to SGX RegCo's queries, stating that it was not aware of any information not previously announced concerning the Company, its subsidiaries, or associated companies that could explain the price movements. Additionally, the Company stated that on 31 January 2019, the Company announced the expected release date of its financial results for the financial year ending 31 December 2018. Save as disclosed, the Company is not aware of any other possible explanation for the unusual price movements in the Company's shares.
- (4) 18 February 2019: The Company requested a trading halt pending the release of a clarification announcement to address the matters discussed in the Business Times article entitled "Sales of DR's Secret in China: Best World's best-kept secret?" published on 18 February 2019.
- (5) 21 February 2019: The Company announced that the Company had consulted the SGX-ST, and at the Company's request, the SGX-ST has granted an extension of the trading halt by up to two days (i.e., the trading halt may be lifted no later than 8.30 am on 25 February 2019 (Monday)).
- (6) 23 February 2019: The Company announced its clarification responses to the Business Times article titled "Sales of DR's Secret in China: Best World's best-kept secret?" published on 18 February 2019, which primarily focuses on the Group's operations in the People's Republic of China ("China").

The following are selected information disclosed by the Company:

▪ Business Models

- o As of the date of this announcement, the Group has four distinct distributions: Franchise, Direct Selling, Export Model and Manufacturing/Wholesale.
- o From 2014 to 2018, the Group distributed its "DR's Secret" products and certain other Products in China through independent agents, who would purchase the Products as principals and onsell such Products to customers throughout China (the "Import Agents") under the Export Model. Although the Group worked with and sold its products to several Import Agents in China under the Export model, it largely worked with one primary Import Agent to promote its products in China (the "Primary Import Agent").
- o The Group decided to transition to the Franchise Model in China in 2018, whereby the role of the Primary Import Agent would be replaced by Best World (China) Pharmaceutical Co., Ltd. (全美世界(中国)药业有限公司) ("BWL China"), a wholly-owned subsidiary of the Company, and selected distributors of the Products (who were the Primary Import Agent's customers) in China would be converted into Franchisees by entering into franchise agreements with the Group.
- o In April 2018, the Group was notified by the Ministry of Commerce of the People's Republic of China ("MOFCOM") that the Group was permitted to operate under the Franchise Model.
- o The Company had also obtained legal advice from its legal counsel, one of the largest law firms in China, confirming (a) that the operation of the Franchise Model is lawful, (b) that the Group has obtained all material licences for the conduct of such operations in China, and (c) the business of the Group under the Export Model and Franchise Model did not and do not constitute direct selling activities in China.

▪ Engagement of third-party internal controls consultant firm

- o In conjunction with the Group's transition from the Export Model to the Franchise Model, the Company engaged a third-party internal controls consultant firm to review and make recommendations on the Group's internal controls policies with respect to entity-level controls, including financial and accounting procedures, cash management procedures, and other general control measures.
- o In the course of its review, the internal controls consultant firm also conducted physical inspections of ten BWL Lifestyle Centers operated by Franchisees, as well as performed certain agreed-upon procedures in respect of those Franchisees, including conducting background and qualification checks, reviewing sales and promotions records, inspecting inventory and compliance management systems, and performing contract and license reviews.

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- Appointment of Independent Reviewer
 - The Company disclosed that its Audit Committee has decided to voluntarily appoint an Independent Reviewer to independently review and address the relevant issues to provide additional comfort and assurance to shareholders.
 - The Independent Reviewer will report its findings and conclusions to the Audit Committee and Singapore Exchange Regulation (SGX RegCo), which the Company will publish in due course.

The following are selected Company's responses addressing some of the queries highlighted in the Business Times article:

- Information of the Franchisees
 - The addresses of the BWL Lifestyle Centers operated by the Franchisees are listed on the Company's website at <http://www.bestworld.com.sg/franchise.html>.
- License to Operate the Franchise Model
 - The Company had obtained legal advice from its legal counsel, one of the largest law firms in China, confirming (a) that the operation of the Franchise Model is lawful, (b) that the Group has obtained all material licences for the conduct of such operations in China, and (c) the business of the Group under the Export Model and Franchise Model did not and do not constitute direct selling activities in China.
- Sales Record for DR's Secret on online stores/social media
 - The Group does not directly conduct any sales transactions in China through online stores or social media as the Products are primarily distributed in China by Franchisees directly to consumers through BWL Lifestyle Centers in China.
- "Export" vs "Franchise" Model Wholesale Price
 - The pricing disparity between the Franchise and Export Model reflects the Group's increased support and risk assumption.
 - Under the Export Model, the Group sells products to Import Agents, offering minimal marketing, logistics, and customer service support. Import Agents managed operations and marketing, shouldering inventory risk upon product delivery.
 - Conversely, the Group bears these costs and risks in the Franchise Model, including cross-border shipping, importation, warehousing, and operational expenses. BWL China oversees inventory and logistics management under this model, and the Group supports Franchisees with marketing, customer services, and quality training. These added responsibilities lead to higher operational expenses in the Franchise Model, hence the higher prices charged.
- Revenue Recognition
 - The Group recognises revenue upon delivery or completion of the sale to the Group's direct customers (refers to the Franchisees under the Franchise Model).
 - Accordingly, under the Franchise Model in China, the Group records its sales when the Products are sold to the Franchisees, which is when inventory control is passed to the Franchisees with cash payments received.
 - This revenue recognition is in line with SFRS(I), the accounting standard of the Group.
- Ranking by Euromonitor
 - The Company obtained the market data and industry ranking used in its third quarter 2018 corporate presentation directly from Euromonitor.

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- o In late 2018, the Company commissioned Euromonitor to conduct industry analysis and research on the Group's markets and the Company's ranking was ascertained based on the additional market information and industry data obtained by Euromonitor through "customized research", which is narrower and more company and category-focused than the research methodology used in producing "published research" of Euromonitor, which covers the entire Beauty industry.
- o As an emerging player operating through a franchise model in the Chinese market, the Company did not form part of Euromonitor's conversations with the industry at the end of 2017.

23 February 2019: The Company also announced that the trading halt of the Company's securities would be lifted on 25 February 2019 at 8.30 am (Singapore time).

- (7) 26 February 2019: The Company announced its unaudited financial statements for the year ended 31 December 2018 alongside its press release commentary.
- (8) 4 March 2019: The Company announced a supplementary announcement to provide further information to shareholders in relation to the financial results following the investor briefing.
- (9) 19 March 2019: The Company announced that in consultation with SGX RegCo, the Company has appointed PricewaterhouseCoopers Consulting (Singapore) Pte Ltd as the Independent Reviewer. The Independent Reviewer's review shall focus on the Franchise Model adopted by the Company in China in 2018 to (i) verify the existence of the franchisees as at 31 December 2018, (ii) validate the sales to and cash received from sales to significant franchisees and (iii) identify and make appropriate recommendations on any internal control weaknesses and breaches of the Listing Manual of the Main Board of the SGX-ST, regulations or local laws, as applicable. Where breaches have been identified, identify the responsible parties if possible.
- (10) 24 April 2019: The Company announced that it received queries relating to the Company's unusual price movements from SGX RegCo, to which the Company is required to respond immediately via SGXNet. The Company announced an immediate trading halt pending the release of announcement(s).
- (11) 27 April 2019: The Company announced that it had consulted the SGX-ST, and at the Company's request, the SGX-ST has granted an extension of the trading halt of five days (i.e., the trading halt may be lifted no later than 8.30 am on 6 May 2019 (Monday)).
- (12) 9 May 2019: The Company announced its refute on a short seller report released by Bonitas Research ("Bonitas") on 24 April 2019 ("Report") regarding the Group's operations in China in 2017. The Company's indicated that the Report contains false and defamatory allegations intended to undermine the reputations of the Group and its senior management, cause a loss of confidence in the Group and inflict damage on the price of the shares of the Company ("Shares") to benefit Bonitas financially. The Company also indicated that the Company and its co-founders, Mdm. Dora Hoan Beng Mui ("Mdm. Hoan") and Mdm. Doreen Tan Nee Moi (collectively, the "Founders"), on 3 May 2019, commenced defamation proceedings against Bonitas and its founder in the High Court of Singapore.

9 May 2019: The Company announced that it has requested to lift its trading halt on 9 May 2019 at 8.30 am (Singapore time).

9 May 2019: The Company announced its responses to the queries from SGX RegCo on 24 April 2019 regarding the unusual price movements in the Company's shares.

9 May 2019: The Company announced that pursuant to Listing Rule 1303(5), SGX RegCo has exercised its authority to suspend trading in the shares of the Company with effect from 3.14 pm on 9 May 2019 pending their investigations into the accuracy of the Company's 9 May 2019 announcement entitled "Best World International Ltd strongly refutes Bonitas research report". Trading suspension will continue until SGX RegCo has completed its investigations into the veracity of the Company's China sales.

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During Trading Suspension (10-May-2019 to 13-Nov-2022)

Significant announcements

- (1) 13 May 2019: The Company announced its responses to SGX RegCo's queries dated 9 May 2019 pertaining to the announcements released by the Company on 9 May 2019 entitled "Best World International Limited Strongly Refutes Bonitas Research Report" and a report released by Valiant Warriors entitled "Best World's Main Import Agent is related to BWL".

The responses are detailed as follows:

- The Company confirms that Koh Kim Chuan is the brother-in-law of Dora Hoan, as his wife, Mary Huan, is a sister of Dora Hoan.
- Save as disclosed in the response announcement, the Company confirms that the Primary Import Agent, its director, sole shareholder (Koh Kim Chuan), key management (and their associates) do not have any relationship (direct or indirect) with the Company, its directors, substantial shareholders (and their associates).
- The Group commenced dealings with the Primary Import Agent in August 2015.
- The Directors are of the view that, save as disclosed in this announcement, the Primary Import Agent is independent of the Group, its directors, substantial shareholders and their associates for the following reasons:
 - (a) for the reasons set out under "Assessment of Independence" in the announcement;
 - (b) the affirmation provided by Dora Hoan to the Company that, to the best of her knowledge and belief, the Primary Import Agent is independent of the Group as disclosed in this announcement and that she has no financial or shareholding interest in the Primary Import Agent; and
 - (c) the Company has received confirmations from Koh Kim Chuan, Jansen Tang and Yan that the statements in the announcement relating to each of them are true and accurate.
- The Company will make the agreements entered into between the Company and the Primary Import Agent available for PwC's review.
- The Company will also procure the Primary Import Agent to grant PwC access to all necessary records from 1 January 2017 to 31 May 2018 for PwC's review of the Group's sales to the Primary Import Agent during that period.

13 May 2019: The Company announced it has received a Notice of Compliance from SGX RegCo requiring the Company to adhere to a list of requirements stated in the Notice of Compliance whereby failure to comply with the requirements imposed by SGX RegCo shall be deemed to be a contravention of the Listing Rules.

The following are the requirements the Company will need to adhere to as detailed under the Notice of Compliance:

- In light of the developments and pursuant to Listing Rules 1405(1)(f) and 1405(1)(k), SGX RegCo requires the Company to do the following:
 - (a) To direct PwC to report solely to SGX RegCo on the scope and all findings pursuant to its independent review;
 - (b) To expand the scope of PwC review to determine the veracity of the Group's sales in China under the Export Model from FY2015 to FY2018 and whether these are conducted on normal commercial terms;
 - (c) To obtain an independent legal opinion on the legality of the Group's sales and distribution business under the franchise model;

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- (d) To procure Changsha Best and other import agents to (i) provide access to or copies (both physical and electronic) of its financial information; accounting and other corporate records (including customer sales records and governmental filings) and (ii) render all reasonable acts of assistance including and not limited to access and contact to the customers, warehouses and delivery service providers (including procuring the warehousing and courier documents) of Changsha Best and other import agents to SGX RegCo, the independent reviewer or any person(s) as directed by the Exchange;
- (e) To render full cooperation to SGX RegCo, the Independent Reviewer or any person(s) as directed by the Exchange on their requests pursuant to the independent review. This includes request for information and interviews/visits to facilitate the independent review.

- (2) 15 July 2019: The Company announced the finalisation and approval of the expanded independent review scope by SGX RegCo following the issuance of the Notice of Compliance, which requires the Company to expand the scope of the independent review.

The expanded scope of the independent review seeks to address the following:

- (a) To establish the facts and circumstances surrounding the establishment, appointment and business relationship with Changsha Best (the "Primary Import Agent").
- (b) To verify the sales to the Primary Import Agent and other import agents used by the Group in the China market, if any, for the period from FY2015 to FY2018 under the export model, and ascertain if these transactions were on normal commercial terms and conducted at an arm's length basis.
- (c) To validate the cash received from the sales to the distributors/customers by the Primary Import Agent.
- (d) To identify any lapses in the Group's internal control procedures and its corporate governance practices in respect of the work and make appropriate recommendations on any internal control weakness(es).
- (e) To identify any potential breaches of Singapore listing rules, regulations or laws.

- (3) 6 February 2020: The Company announced it received from SGX RegCo a Notice of Compliance requiring the Company to perform quarterly reporting of unaudited financial statements per the requirements set out in the amended Rule 705(2) on an ongoing basis.
- (4) 7 June 2020: The Company announced its Annual Report for the year ended 31 December 2018. Additionally, the Company's independent auditor, Ernst & Young LLP, has issued a disclaimer of opinion in its Independent Auditor's Report dated 5 June 2020 in relation to the Group's financial statements for the financial year ended 31 December 2018.
- (5) 23 July 2020: The Company announced that the Independent Accountant has completed the Independent Review and set out its findings in a final report ("Report") that has been issued to the audit committee of the Company on 23 July 2020. During the course of the Independent Review, the Independent Accountant reported its findings solely to SGX RegCo.

23 July 2020: The Company announced that SGX RegCo has published a regulatory announcement on the findings of the Independent Review report. SGX RegCo indicated that "in the absence of sufficient clarity on the actual financial position of the group and legality of the business including compliance with PRC regulations, trading in the shares of the Company cannot resume in a fair, transparent and orderly manner. The Company will need to submit a proposal to resume trading that addresses concerns raised on (i) PwC's observations and recommendations; (ii) legality of its sales and distribution model in the PRC; and (iii) lack of clarity in its financial position. SGX RegCo will consider the Company's proposal and its audited financial statements for FY2019 before making a determination on the Company's continuing listing on the Exchange".

- (6) 2 October 2020: The Company announced that the writ of summons in respect of the Suit ("Writ") against Bonitas Research and its founder has expired, and the Company and the Founders have decided not to renew the Writ and will not continue with the Suit against the Defendants in order to focus management time and resources on the measures necessary for the Company to resume trading and the growth of the Group's business.

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- (7) 8 November 2020: The Company announced that it had submitted a resumption proposal to SGX RegCo on 8 November 2020, which addresses concerns in relation to (a) the Independent Accountant's observations and recommendations; (b) the legality of the Company's sales and distribution model in China; and (c) lack of clarity in the Company's financial position.
- (8) 10 December 2020: The Company announced its proposed plan to (i) transition to a direct-selling model in China and (ii) on the Resumption Proposal submitted to SGX RegCo, the Company has addressed several rounds of queries from SGX RegCo, and the review of the Resumption Proposal is ongoing.
- (9) 11 February 2021: The Company announced its Annual Report for the period ended 31 December 2019. The Company's independent auditor, Ernst & Young LLP, has issued a disclaimer of opinion in its Independent Auditor's Report dated 11 February 2021 in relation to the Group's financial statements for the financial year ended 31 December 2019.
- (10) 16 March 2021: The Company announced that, following consultation with SGX RegCo, the Company believes that the suspension of the trading of the Company's shares will continue until the Group is able to make progress on its transition to a direct selling model in China, as SGX RegCo continues to have some regulatory concerns on the Group's current sales and distribution model in China, which the Company has been seeking to address. The Company has been advised by its legal counsel as to the laws of China that, as of the date of this announcement, MOFCOM has not resumed accepting applications for direct selling licenses and accepting filings for expansion of the coverage of existing direct selling licenses. MOFCOM has provided no update on this matter since the December 2020 Status Update. Accordingly, the Group is unable at this time to file for the expansion of the coverage of its existing Direct Selling License.
- (11) 15 September 2021: The Company announced its Annual Report for the period ended 31 December 2020. The Company's independent auditor, Ernst & Young LLP, has issued a disclaimer of opinion ("Disclaimer of Opinion") in its Independent Auditor's Report dated 15 September 2021 ("Independent Auditor's Report") in relation to the Group's financial statements for the financial year ended 31 December 2020.
- (12) 21 October 2021: The Company announced its intention to undertake a change of auditor of the Company from Ernst & Young LLP to Nexia TS Public Accounting Corporation for the financial year ending 31 December 2021 and will be seeking specific approval at an extraordinary general meeting.
- (13) 11 November 2021: The Company announced an update announcement that following the Company's consultation with SGX RegCo, the Company believes that the suspension of the trading of the Company's shares will continue until the Group is able to make progress on its transition to a direct selling model in the People's Republic of China, as SGX RegCo continues to have some regulatory concerns on the Group's current sales and distribution model in the People's Republic of China, which the Company has been seeking to address. The Company further stated that the Directors were exploring various options and alternative corporate actions for the Company to resume trading. After careful consideration and taking into account the prevailing market conditions and the circumstances surrounding the Company (which includes the lack of clarity as to whether the Ministry of Commerce of the People's Republic of China will be accepting filings for the expansion of coverage of existing direct selling licenses within a reasonable timeframe and in the foreseeable future), the Board has come to the view that it might be appropriate to consider a delisting and will be exploring all feasible options to achieve the same, including a delisting under Rule 1309 of the Listing Manual of the SGX-ST. In light of the aforementioned, as an interim measure, while trading remains suspended and the Company is exploring options for delisting, the Company is concurrently exploring options to provide shareholders with certain liquidity/cash value for their shares in the Company, including by way of an off-market share buyback scheme. The Company has appointed Alpha Advisory Pte. Ltd. as its financial advisor and RHTLaw Asia LLP as its legal advisor to assist with the matters proposed.
- (14) 31 December 2021: The Company announced that the resolution to change the Group's Auditor from Ernst & Young LLP to Nexia TS Public Accounting Corporation has been passed at the Company's extraordinary general meeting convened on 31 December 2021.
- 31 December 2021: The Company announced that it proposes to undertake an Off-Market Purchase of Shares in accordance with the Share Buyback Mandate approved and adopted at the Company's annual general meeting held on 30 September 2021 ("Equal Access Offer"). Under the Equal Access Offer, the Company will buy back up to approximately 10% of the Company's issued share capital or 54,410,011 of its own Shares from Shareholders at the offer price of S\$1.36 for each Share.
- (15) 17 January 2022: The Company announced that it has despatched the Offer Letter and the accompanying acceptance forms to Shareholders on 17 January 2022.

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- (16) 10 February 2022: The Company announced that in response to requests from certain shareholders, the Offer Period has been extended by two weeks to give Shareholders more time to process their acceptance of the Equal Access Offer. Accordingly, the Equal Access Offer shall close at 5.30 pm (Singapore time) on 28 February 2022.
- (17) 28 February 2022: The Company announced the closure of the Equal Access Offer on 28 February 2022 at 5.30 pm (Singapore time).
- (18) 8 March 2022: The Company announced that the Equal Access Offer was met with an encouragingly positive response, with the Total Tendered Shares representing more than double the Maximum Buyback Amount of 54,410,011 shares.
- (19) 26 April 2022: The Company announced its proposed plan to undertake an Off-Market Purchase of Shares in accordance with the Share Buyback Mandate renewed at the extraordinary general meeting of the Company held on 7 April 2022 (“Equal Access Offer”).
- (20) 9 May 2022: The Company announced a Clarification Announcement in relation to The Business Times article entitled “Best World to buy back 10% of its shares for S\$1.36”, published on 28 April 2022 pertaining to certain statements made in the article.

The key clarifications are as follows:

- Suspension of the Issuer due to Legality of its Business Model in China
 - o As of the date of this announcement, the Company is of the view that the suspension of trading by SGX RegCo will continue as:
 - (i) there has been no update provided by MOFCOM on the matter of accepting filings for expansion of the coverage of existing direct selling licenses; and
 - (ii) SGX RegCo continues to have the same regulatory concerns on the Group’s current sales and distribution model in China.
 - o Notwithstanding the above, as disclosed in the Company’s Annual Report for 2020 dated 15 September 2021 (“2020 Annual Report”), the legal opinions issued by Merits and Tree (Beijing) Law Office dated 30 August 2021 and Dentons Beijing Office dated 19 May 2021 (the “Legal Opinions”) clearly state that any risks arising from the Group’s China operations being non-compliant with direct selling and Chuan Xiao laws in China, is remote. Furthermore, as stated in the 2020 Annual Report, the Audit Committee of the Company was satisfied that adequate resources had been deployed to assess the legality of the franchise model and agreed with management that based on the conclusions in the Legal Opinions, the risk of the Group’s operations’ non-compliance with the direct selling and Chuan Xiao laws in China is remote and that the associated VAT claims and corporate income tax payments were properly made.
- Allegations against the Company by Bonitas Research and The Business Times
 - o The Company emphasised that all allegations against the Company have been addressed and refuted in the 2020 Annual Report as baseless and false.
 - (i) In respect of the allegation relating to the “skincare product distribution model”, this has been addressed on pages 106 to 108 of the 2020 Annual Report.
 - (ii) In respect of the allegation relating to the “financials, which culminated in an independent review that uncovered questionable dealings”, the findings set out in the independent review report relating to: (i) the potential sales cut-off issue for goods sold which were paid for but remained undelivered by the third-party logistics service provider; and (ii) the potential understatement of sales and expenses, have been addressed at pages 104 to 105 of the 2020 Annual Report and had been resolved.
 - o Additionally, as of the date of this announcement, the Board confirmed that the outstanding issue faced by the Company is its transition to the direct selling model in China, and there are no ongoing investigations into the Group in connection with the aforesaid allegations or arising from the findings of the independent review.

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- (21) 12 May 2022: The Company announced that it has despatched the Offer Letter and the accompanying acceptance forms to shareholders on 12 May 2022. The off-market equal access offer to be made by the Company for 48,969,010 Shares, representing approximately 10% of the total number of Shares in issue as at the Latest Practicable Date, on the terms and subject to the conditions set out in the formal Offer Letter and the Acceptance Forms. The Offer Price for each Share will be S\$1.36 in cash.
- 12 May 2022: The Company announced its unaudited condensed interim financial statements for the 3 months ended 31 March 2022.
- (22) 9 June 2022: The Company announced that its Equal Access Share Buyback Offer has closed on 9 June 2022 at 5.30 pm (Singapore time).
- (23) 17 June 2022: The Company announced the results of its Equal Access Share Buyback Offer, which was met with an encouragingly positive response, with the Total Tendered Shares well exceeding the Maximum Buyback Amount of 48,969,010 shares.
- (24) 8 July 2022: The Company announced its Annual Report for the financial year ended 31 December 2021. The Company's independent auditor, Nexia TS Public Accounting Corporation, has issued a qualified opinion in its Independent Auditor's Report dated 16 June 2022 in relation to the Group's financial statements for the financial year ended 31 December 2021. The Qualified Opinion arose as the financial statements of the Company for the financial year ended 31 December 2020 were audited by an independent auditor ("predecessor auditor") other than Nexia TS Public Accounting Corporation. The independent auditor's opinion on the consolidated financial statements of the Group, the statement of financial position, and the statement of changes in equity of the Company for the financial year ended 31 December 2020 were disclaimed by the predecessor auditor in respect of the areas relating to (i) relationship with the Group's import agents and marketing agent; and (ii) classification of payments to promotional companies.
- (25) 9 July 2022: The Company announced its plans to commence the preparation of a trading resumption proposal to be submitted to SGX RegCo in view of certain developments of the Company.
- (26) 11 August 2022: The Company announced its unaudited condensed interim financial statements for the half year ended 30 June 2022.
- (27) 2 October 2022: The Company announced that it has submitted to SGX RegCo a resumption of trading proposal.
- (28) 5 October 2022: The Company announced that it has received a letter of no-objection from SGX RegCo on the Company's resumption of trading proposal subject to four (4) conditions, which have been disclosed in the announcement.
- (29) 1 November 2022: The Company announced an update on its compliance with Condition 2(b) and 2(d) in the no-objection notification letter from SGX RegCo on the Company's resumption of trading proposal. Condition 2(b) specifies that "The Company announcing the Audit Committee's assessment of whether it is satisfied that the concerns raised on legality of the Company's sales and distribution business model in China have been addressed and the bases for such an assessment." Accordingly, the Company updated that its Audit Committee's ("AC") assessment is that the AC is satisfied that the concerns raised on the legality of the Company's sales and distribution business model in China have been addressed and have provided the bases for such assessment in the announcement. Condition 2(d) specifies that "The Company announcing the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to resume in a fair and orderly manner". Accordingly, the Company's Board of Directors confirm that sufficient information has been disclosed to enable trading of the Company's shares to resume in a fair and orderly manner.
- (30) 11 November 2022: The Company announced that it has requested the lifting of suspension and resumption of trading of the Company's securities with effect from Monday, 14 November 2022, at 9.00 am (Singapore time).
- 11 November 2022: The Company announced its unaudited condensed interim financial statements for the 9 months ended 30 September 2022.

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Post Trading Suspension (14-Nov-2022 to 14-Jun-2024)



Source: Bloomberg L.P.

Significant announcements

- (1) 14 November 2022: The Company's securities have resumed trading with effect from Monday, 14 November 2022 at 9.00 am (Singapore time).
- (2) 26 February 2023: The Company announced its unaudited condensed interim financial statements for the year ended 31 December 2022.
- (3) 12 April 2023: The Company announced its Annual Report for the financial year ended 31 December 2022. Additionally, the Company announced the proposed renewal of its Share Buyback Mandate resolution, which will be tabled at its Annual General Meeting on 27 April 2023.
- (4) 14 April 2023: The Company announced its replacement Annual Report for the financial year ended 31 December 2022 with revisions to certain pages in the Annual Report to correct certain omissions and/or typographical errors.
- (5) 22 April 2023: The Company announced an update on its compliance with Condition 2(a) in the no-objection notification letter from SGX RegCo on the Company's resumption of trading proposal.

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- Condition 2(a) specifies that “The Company to obtain an updated independent legal opinion on the legality of the Company’s sales and distribution business model in China within 4 months after its financial year-end on an annual basis and announcing the same on SGXNet. In the event the Audit Committee is of the assessment that such legal opinion is no longer required, the Audit Committee is to consult SGX RegCo”.
- The Company updated that it had obtained from Merits & Tree (“M&T”) an updated independent legal opinion on the legality of the Company’s sales and distribution business model in China dated 29 March 2023 (“M&T Update”) for the period from 1 January 2022 to 29 March 2023 (referred to as “Period”). The Company also obtained from Dentons Beijing Office (“Dentons”) an updated independent legal opinion on the legality of the Company’s Sales Operation Mode in China dated 14 April 2023 (referred to as “Dentons Update”) for the period from 01 January 2022 to 14 April 2023 as an update to the Legal Opinion issued by Dentons on 19 May 2021. Based on the M&T Update and Dentons Update, the Board is of the view that the risk of the Group’s business model in China being held to be in non-compliance with the direct selling and ChuanXiao laws in China continues to be remote and that the possibility of the Group being penalised by the relevant Chinese regulatory authority remains low.

- (6) 2 May 2023: The Company announced its responses to SGX queries in relation to its Annual Report for the financial year ending 31 December 2022, released on SGXNet on 14 April 2023.
- (7) 9 May 2023: The Company announced its unaudited condensed interim financial statements for the three months ended 31 March 2023.
- (8) 21 June 2023: The Company announced its responses to SGX queries in relation to its unaudited financial statements for the period ending 31 March 2023, released on SGXNet on 9 May 2023.
- (9) 9 August 2023: The Company announced its unaudited condensed interim financial statements for the half year ended 30 June 2023.
- (10) 5 October 2023: The Company announced its responses to SGX queries in relation to feedback received by SGX relating to the Company’s dividend and remuneration policy.
- (11) 13 November 2023: The Company announced its unaudited condensed interim financial statements for the 9 months ended 30 September 2023.
- (12) 29 November 2023: The Company announced its responses to SGX queries in relation to its unaudited condensed interim financial statement for the 9 months ended 30 September 2023, released on SGXNet on 13 November 2023.
- (13) 27 February 2024: The Company announced its unaudited condensed interim financial statements for the year ended 31 December 2023.
- (14) 22 March 2024: The Company announced it had requested a trading halt pending the release of announcement(s).

22 March 2024: The Company announced a proposed delisting exercise by way of a selective capital reduction, which will entail the cancellation of the issued ordinary shares in the capital of the Company held by all the Eligible shareholders of the Company other than the Non-Participating Shareholders and return the share capital in cash to Eligible Shareholders (“Selective Capital Reduction”). The Selective Capital Reduction shall serve as an exit offer to the Eligible Shareholders under Rule 1309 of the Listing Manual for the purpose of delisting the Company.

22 March 2024: The Company announced a receipt of a letter from requisitioning members (“Requisition Letter”) of the Company requesting for certain resolutions to be put to vote by the Members pursuant to Sections 176 and/or 183 of the Companies Act 1967, as well as requiring the emoluments and other benefits by the directors of the Company and/or the subsidiaries of the Company to be disclosed pursuant to Section 164A of the Companies Act. The Requisition Letter further requests the Company to (i) convene an extraordinary general meeting of the Company for the purposes of considering and voting on several resolutions detailed in the announcement and/or (ii) give notice of the following resolutions to be considered and voted on at the next general meeting of the Company, whichever is the earlier, pursuant to Section 176 of the Companies Act.

22 March 2024: The Company announced that it has requested to lift its trading halt, and the Company’s securities will resume trading with effect from Monday, 25 March 2024.

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- (15) 1 April 2024: The Company announced the withdrawal of the requisitions made pursuant to the Requisition Letter by the Requisitioning Members have been withdrawn. However, the Requisitioning Members have reserved their rights to issue the requisitions again in the future. Accordingly, no further action will be taken by the Company in relation to the Requisition Letter at the present time.
- (16) 3 April 2024: The Company announced an update on its Exit Offer by way of a Proposed Selective Capital Reduction and Proposed Delisting of the Company. The Company intends to capitalise part of its retained earnings prior to undertaking the Selective Capital Reduction exercise and, following which, apply for a delisting.

- Key rationale for the Exit Offer and Delisting are as follows:
 - o The Company continues to expect growth headwinds for its China market where uncertainties, such as stock market volatility and challenges in the property sector, continue to weigh on consumer sentiments and cloud consumers' outlook, leading to a heightened propensity for consumers to save rather than spend. Economic volatility, global supply chain disruptions, and changing consumer behaviour could also impact consumer demand, production, and profitability for the Group's direct selling segment. Barring any unforeseen circumstances, the Company will continue to maintain a cautious outlook for the next 12 months. The Company believes privatisation will provide the necessary flexibility to optimise its resources and focus on the business's longer-term strategies.
 - o The Company has no present need for access to the Singapore capital markets and has not carried out any corporate exercise to raise cash funding on the SGX-ST in the past ten years. It is also unlikely that the Company will require access to the Singapore capital markets to finance its operations in the foreseeable future.
 - o If the Company is delisted, the Company will be able to dispense with compliance costs and resources associated with maintenance of listed status and other regulatory requirements and channel such resources towards its business operations.
 - o The Exit Offer provides an opportunity for Eligible Shareholders who may find it difficult to exit their investment in the Company at a fair market price due to low trading liquidity. Of the total number of Shares in public hands, the average daily trading volume in the last 1 month, 3 months and 6 months up to and including the Last Undisturbed Trading Day was only 0.31%, 0.22%, and 0.20%, respectively.
 - o The Exit Offer presents Eligible Shareholders with an opportunity to completely exit their investment in the Shares without incurring brokerage and other trading costs.
- The process of the proposed Exit Offer will be as follows:
 - o Proposed Capitalisation of the Company's Retained Earnings
 - S\$375,369,733 of the Company's retained earnings shall be applied in paying up for the allotment and issuance of new Shares ("Additional Shares").
 - It is intended that such Additional Shares shall be allotted, issued and credited as fully paid-up to the Shareholders on the basis of one Additional Share to one Share held by a Shareholder, which will be immediately cancelled in their entirety without any distribution to the Shareholders (collectively, "Capitalisation").
 - The sum of S\$375,369,733 created in the issued and paid-up share capital of the Company shall be utilised for distribution to Eligible Shareholders pursuant to the Selective Capital Reduction ("Cash Distribution"). It is envisaged that following the Capitalisation, the Company's issued and paid-up share capital, presently at S\$2,343,402, will increase to S\$377,713,135.
 - o Proposed Selective Capital Reduction
 - The Company proposes to cancel all of the 150,147,893 Shares held by the Eligible Shareholders in consideration for S\$2.50 in cash per Share by way of the Selective Capital Reduction.
 - Accordingly, an aggregate sum of S\$375,369,733 arising from the Selective Capital Reduction, if effected, will be returned to the Eligible Shareholders in cash on the basis of S\$2.50 for each Share held by each Eligible Shareholder that is cancelled as a result of the Selective Capital Reduction.

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- Exemptions by the Securities Industry Council (“SIC”)
 - The SIC has exempted the Selective Capital Reduction from Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code, subject to the following conditions:
 - the Non-Participating Shareholders and their concert parties abstain from voting on the Selective Capital Reduction;
 - Dora Hoan Beng Mui, Doreen Tan Nee Moi, Huang Ban Chin, Li Lihui and Pek Wei Liang (“Abstaining Directors”) abstain from making a recommendation on the Selective Capital Reduction to the Eligible Shareholders; and
 - the Company appoints an independent financial adviser to advise the Eligible Shareholders on the Selective Capital Reduction.
 - Pek Wei Liang, who is a Non-Executive and Non-Independent Director, is the son of Non-Participating Shareholder, Doreen Tan Nee Moi and, accordingly, is presumed to be acting in concert with the Non-Participating Shareholders.
 - In view of Pek Wei Liang’s familial relationship with Doreen Tan Nee Moi and Li Lihui’s familial relationship with Dora Hoan Beng Mui, and taking into consideration Note 3 of Rule 24.1 of the Code, which states that directors who have an irreconcilable conflict of interests should not join with the remainder of the Board in the expression of its views on the offer, the SIC has ruled that the Abstaining Directors are to abstain from making a recommendation and are exempted from the requirement to make a recommendation on the Selective Capital Reduction to the Eligible Shareholders.
 - All Directors (including the Abstaining Directors) must, nonetheless, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements that may be issued by, or on behalf of, the Company to Eligible Shareholders in connection with the Selective Capital Reduction.
- Key Matters matter disclosed:
 - RHT Capital Pte. Ltd. is the appointed financial adviser to the Company in respect of the Selective Capital Reduction (“Financial Adviser”)
 - Evolve Capital Advisory Private Limited is appointed the independent financial adviser pursuant to Rule 1309(2) of the Listing Manual to advise the directors of the Company who are considered independent for the purpose of making a recommendation to the Eligible Shareholders in respect of the Selective Capital Reduction (“Recommending Directors”)
 - The Company has opened an escrow account, and a minimum of S\$375,369,733 is in the process of being transferred into the account. The escrow agent shall release the monies for the purposes of the Cash Distribution pursuant to the terms of the escrow agreement.
 - The Exit Offer will be subject to various procedures and approvals, including approval by the SGX-ST of the circular to Shareholders for the convening of an EGM in relation to the Exit Offer, Shareholders’ approval at the EGM, and the approval of the Selective Capital Reduction by the Court.

- (17) 11 April 2024: The Company announced its Annual Report for the financial year ended 31 December 2023. Additionally, the Company announced the proposed renewal of its Share Buyback Mandate resolution, which will be tabled at its Annual General Meeting on 26 April 2024.
- (18) 15 April 2024: The Company announced that it had conducted a share buyback by way of market acquisition. The Company purchased 2,530,000 shares, which will be held as treasury shares at S\$2.47 per share for a total consideration of S\$6,274,059.30.
- (19) 23 April 2024: The Company announced its responses to SGX queries in relation to its Annual Report for the financial year that ended 31 December 2023, which was announced on 11 April 2023.
- (20) 10 May 2024: The Company announced it had on 3 May 2024 sought a waiver from the Exchange in respect of the requirement to comply with Rule 705(2) of the Listing Manual in relation to the quarterly reporting of its financial statements and have obtained the approval from the Exchange on 9 May 2024 that the Company is no longer required to perform quarterly reporting subject to the following:

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- the submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors' decision, which has yet to be announced by the Company; and
 - the Company announcing the Exchange's confirmation and its submissions and representations to the Exchange.
- (21) 24 May 2024: The Company announced that it is revising its Exit Offer Price of S\$2.50 for each Share held by the Eligible Shareholders ("Exit Offer Price") in relation to the Exit Offer to S\$2.56 for each Share held by the Eligible Shareholders ("Final Exit Offer Price"). The Company also highlighted that it does not intend to revise the Final Exit Offer Price and, save as disclosed in the announcement, all other terms and conditions of the Exit Offer as set out in the Exit Offer Announcement remain unchanged.

- Rationale for the revised Exit Offer Price:
 - o The Company decided to increase the Exit Offer Price following a review of its most recent financial and cash position. The Company is of the view that the Final Exit Offer Price reinforces the compelling exit opportunity for Eligible Shareholders, to realise their entire investment in cash at an attractive premium over historical traded prices of the Shares up to the Last Undisturbed Trading Day amidst low trading liquidity and ongoing market volatility, without incurring brokerage and other trading costs.
 - o In arriving at the Final Exit Offer Price of S\$2.56 for each Share, the Company had taken into consideration, among others:
 - the historical trading price of the Shares for the past 6 months up to and including the Last Undisturbed Trading Day, which ranged between S\$1.60 to S\$1.83;
 - the adjusted NAV per Share as at 31 December 2023 based on the FY2023 Results and adjusted to reflect the share buyback cash purchases made by way of market acquisition conducted by the Company after 31 December 2023 and up to the Latest Practicable Date of S\$1.36;
 - the current cash position of the Group and taking into consideration the ongoing working capital, as well as the operating expenditures of the Company;
 - available resources to the Company, which may be impacted by difficulties and constraints on the repatriation of funds from the People's Republic of China, as well as other overseas markets back to Singapore; and
 - the current market conditions in the industries and markets in which the Group operates.

From the share price charts above, the Shares have been on an observable general downward trend since the release of the Business Times article "Sales of DR's Secret in China: Best World's best-kept secret?" published on February 18, 2019. Subsequently, a series of events ensued, including several rounds of SGX RegCo queries, the appointment of an Independent Reviewer to focus its review on the franchise model adopted by the Company in China in 2018, the receipt of a short seller report, and a Notice of Compliance received from SGX RegCo.

On 9 May 2019, Shares of the Company were suspended by SGX RegCo.

During the trading suspension, the Company worked to address and resolve the issues highlighted by the Independent Review and the Notice of Compliance while concurrently exploring various options aimed at resuming trading on the SGX-ST. Amidst the suspension, on December 31, 2021, and April 26, 2022, the Company announced its plans to conduct two rounds of Off-Market Purchase of Shares in accordance with the Company's Share Buyback Mandate (the "**Equal Access Offers**"). Through the Equal Access Offers, the Company repurchased 54,410,011 shares in the first round and 48,969,010 shares in the second round at the same price of **S\$1.36** in cash.

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On 14 November 2022, Shares of the Company resumed trading on the SGX-ST.

After the trading resumption of the Shares, there was a notable rally, with prices reaching a peak of S\$2.53 on February 7, 2023, and S\$2.50 on April 4, 2023, before beginning to trend lower again.

On 22 March 2024, the trading of Shares of the Company was halted pending the release of an announcement. The Company announced its Delisting Update Announcement of a proposed delisting exercise by way of a Selective Capital Reduction, which will entail the cancellation of the issued ordinary shares in the capital of the Company held by all the Eligible shareholders of the Company other than the Non-Participating Shareholders. The Selective Capital Reduction shall serve as an exit offer to the Eligible Shareholders under Rule 1309 of the Listing Manual for the purpose of delisting the Company. Following this, the Company announced that it has requested to lift its trading halt, and the Company's securities will resume trading with effect from Monday, 25 March 2024.

Following the Delisting Update Announcement on 22 March 2024, the Company provided an update on its Exit Offer by way of a Proposed Selective Capital Reduction and Proposed Delisting of the Company through the Offer Announcement on 3 April 2024. The Company intends to capitalise part of its retained earnings prior to undertaking the Selective Capital Reduction exercise and, following which, apply for a delisting. In addition, the Company disclosed pertinent information pertaining to the Exit Offer, including key rationale, process of the proposed Exit Offer, exemption by the Securities Industry Council, appointed professionals, etc.

Following the Offer Announcement on 3 April 2024, the Company announced the revision of its Exit Offer Price from S\$2.50 to S\$2.56 for each Share held by the Eligible Shareholders in relation to the Exit Offer through the Final Offer Announcement on 24 May 2024. The Company also highlighted that it does not intend to revise the Final Exit Offer Price and, save as disclosed in the Final Offer Announcement, all other terms and conditions of the Exit Offer as set out in the Offer Announcement remain unchanged.

It is noteworthy that the Shares have not surpassed the Final Exit Offer Price since trading resumed on 14 November 2022.

Market Statistics

In addition to the share price chart above, we have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares for:

- the 1-year period prior to the release of the Delisting Update Announcement;
- the period after the Delisting Update Announcement up to the Offer Announcement;
- the period after the Offer Announcement to the Final Offer Announcement; and
- the period after the Final Offer Announcement up to the Latest Practicable Date

(collectively, the "**Period Under Review**").

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	Highest traded price (\$)	Lowest traded price (\$)	VWAP ⁽¹⁾ (\$)	Premium/ (Discount) of Final Exit Offer Price over/(to) VWAP (%)	Number of traded days	Average daily traded volume ⁽²⁾	Average daily traded volume as a percentage of free float ⁽³⁾ (%)
Prior to the Delisting Update Announcement							
Last 1 month	1.82	1.63	1.74	47.13%	22	387,595	0.30%
Last 3 months	1.83	1.63	1.75	46.29%	63	272,349	0.21%
Last 6 months	1.83	1.60	1.72	48.84%	127	253,446	0.20%
Last 1 year	2.50	1.47	1.87	36.90%	253	388,858	0.31%
As at 21 March 2024 , being the last full day of trading of the Shares prior to the Delisting Update Announcement							
	1.78	1.74	1.77	44.63%	1	249,000	0.20%
After the Delisting Update Announcement to the Offer Announcement							
After the Delisting Update Announcement and up to 3 April 2024 , being the last full day of trading of the Shares prior to the Offer Announcement							
	2.27	1.91	2.05	24.88%	7	1,613,771	1.27%
As at 3 April 2024 , being the last full day of trading of the Shares prior to the Offer Announcement							
	2.29	2.20	2.23	14.80%	1	875,200	0.69%
After the Offer Announcement to the Final Offer Announcement							
After the Offer Announcement and up to 24 May 2024 , being the last full day of trading of the Shares prior to the Final Offer Announcement							
	2.50	2.41	2.46	4.07%	34	977,671	0.77%

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	Highest traded price (\$)	Lowest traded price (\$)	VWAP ⁽¹⁾ (\$)	Premium/ (Discount) of Final Exit Offer Price over/(to) VWAP (%)	Number of traded days	Average daily traded volume ⁽²⁾	Average daily traded volume as a percentage of free float ⁽³⁾ (%)
As at 24 May 2024 , being the last full day of trading of the Shares prior to the Final Offer Announcement	2.50	2.48	2.49	2.81%	1	835,700	0.66%
After the Final Offer Announcement to the Latest Practicable Date							
After the Final Offer Announcement and up to the Latest Practicable Date	2.50	2.48	2.49	2.81%	15	538,840	0.42%
As at the Latest Practicable Date	2.50	2.48	2.49	2.81%	1	229,000	0.18%

Source: Bloomberg L.P.

Notes:

- (1) The Volume-Weighted Average Price (“VWAP”) is calculated by multiplying the price of each trade by the volume of Shares traded and then dividing the total by the total volume of Shares traded over a specific period as extracted from Bloomberg L.P.
- (2) The average daily trading volume of the Shares was computed based on the total volume of Shares traded during the relevant periods, divided by the number of days that were open for trading (excluding public holidays and days with full-day trading halts on the Shares) during that period.
- (3) Free float refers to the Shares other than those held by the Directors, chief executive officer, controlling Shareholders or substantial Shareholders of the Company and amounts to approximately 127.12 million Shares representing approximately 29.53% of the issued Shares as at 18 March 2024 as disclosed in the Group’s audited financial statements for FY2023.

Based on the above, we observe the following with regard to the share price performance of the Company for the Period Under Review:

- (i) The Final Exit Offer Price represents a premium of approximately 44.63% over the VWAP of the Shares of S\$1.77 on 21 March 2024, being the last full day of trading of the Shares prior to the Delisting Update Announcement.
- (ii) The Final Exit Offer Price represents a premium of approximately 47.13% and 46.29% over the VWAP of the Shares for 1-month and 3-month periods prior to the release of the Delisting Update Announcement, respectively.
- (iii) The Final Exit Offer Price represents a premium of approximately 48.84% and 36.90% over the VWAP of the Shares for 6-month and 1-year periods prior to the release of the Delisting Update Announcement, respectively.

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- (iv) Over the 1-year period prior to the release of the Delisting Update Announcement, the Shares have traded between a low of S\$1.47 and a high of S\$2.50. The Final Exit Offer Price represents a premium of S\$1.09 (or 74.15%) above the lowest transacted price and a premium of \$0.06 (or 2.40%) above the highest transacted price of the Shares of \$2.50.
- (v) The Final Exit Offer Price represents a premium of approximately 24.88% over the VWAP of the Shares of S\$2.05 for the period after the Delisting Update Announcement and up to 3 April 2024, being the last full day of trading of the Shares prior to the Offer Announcement.
- (vi) The Final Exit Offer Price represents a premium of approximately 14.80% over the VWAP of the Shares of S\$2.23 on 3 April 2024, being the last full day of trading of the Shares prior to the Offer Announcement.
- (vii) The Final Exit Offer Price represents a premium of approximately 4.07% over the VWAP of the Shares of S\$2.46 for the period after the Offer Announcement and up to 24 May 2024, being the last full day of trading of the Shares prior to the Final Offer Announcement.
- (viii) The Final Exit Offer Price represents a premium of approximately 2.81% over the VWAP of the Shares of S\$2.49 on 24 May 2024, being the last full day of trading of the Shares prior to the Final Offer Announcement.
- (ix) The Final Exit Offer Price represents a premium of approximately 2.81% over the VWAP of the Shares of S\$2.49 for the period after the Final Offer Announcement and up to the Latest Practicable Date.
- (x) For the period after the release of the Final Offer Announcement to the Latest Practicable Date, the Shares have traded between a low of S\$2.48 and a high of S\$2.50. The Final Exit Offer Price represents a premium of S\$0.08 (or 3.23%) above the lowest transacted price and a premium of S\$0.06 (or 2.40%) above the highest transacted price of the Shares. The Shares have traded below the Final Exit Offer Price on 15 out of 15 market days from the Final Offer Announcement to the Latest Practicable Date.
- (xi) The Shares were closed below the Final Exit Offer Price at S\$2.49 on 14 June 2024, being the Latest Practicable Date.

We observed the following with regard to the trading liquidity of the Shares:

- (i) Over the 1-year period prior to the release of the Delisting Update Announcement, the Shares were traded on 253 days out of a total of 253 market days. The average daily trading volume of the Shares for the 1-month, 3-month, 6-month, and 12-month periods up to and including the day prior to the release of the Delisting Update Announcement represent 0.30%, 0.21%, 0.20% and 0.31% of the free float of the Shares respectively.

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- (ii) For the period after the Delisting Update Announcement and up to 3 April 2024, being the last full day of trading of the Shares prior to the Offer Announcement, the average daily trading volume on the Shares was approximately 1,613,771 Shares, representing 1.27% of the free float of the Shares.
- (iii) For the period after the Offer Announcement and up to 24 May 2024, being the last full day of trading of the Shares prior to the Final Offer Announcement, the average daily trading volume on the Shares was approximately 977,671 Shares, representing 0.77% of the free float of the Shares.
- (iv) For the period after the Final Offer Announcement and up to the Latest Practicable Date, the average daily trading volume on the Shares was approximately 538,840 Shares, representing 0.42% of the free float of the Shares.

8.2 Historical Financial Performance, Position and Cash Flows of the Group

For the purpose of evaluating the financial terms of the Exit Offer, we have considered the audited financial results of the Group for the financial years ended 31 December (“FY”) 2021, 2022 and 2023. The following summary of the financial information should be read in conjunction with the full text of the Group’s audited financial statements for FY2021, FY2022 and FY2023 in respect of the relevant financial periods, including the notes thereto.

Historical Financial Performance of the Group

S\$’000	Audited FY2021	Audited FY2022	Audited FY2023
Revenue	580,036	557,348	514,510
Cost of sales	(124,977)	(114,490)	(109,102)
Gross profit	455,059	442,858	405,408
Interest income	4,559	6,296	13,099
Other income	8,794	7,762	6,932
Distribution costs	(173,701)	(143,740)	(156,865)
Administrative expenses	(90,190)	(94,894)	(92,257)
Finance costs	(420)	(507)	(1,627)
Other losses, net	7,762	(29,507)	(6,993)
Share of results of a joint venture	646	694	743
Share of results of an associate	(183)	(299)	(144)
Profit before income tax	212,326	188,663	168,296
Income tax expense	(58,373)	(52,404)	(47,821)
Profit for the period	153,953	136,259	120,475
Non-controlling interests	259	–	105
Net profit attributable to equity holders	153,694	136,259	120,370

Sources: Group’s audited financial statements for FY2021, FY2022 and FY2023

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FY2021 vs FY2022

The Group's revenue decreased by S\$22.69 million or 3.91% from S\$580.04 million in FY2021 to S\$557.35 million in FY2022, mainly due to revenue decline in the Singapore, Taiwan, Malaysia, Australia and New Zealand markets, offset by a stronger performance in the People's Republic of China and Hong Kong markets following the easing of COVID restrictions in the People's Republic of China.

In line with the decreased revenue, the cost of sales decreased by S\$10.49 million or 8.39% from S\$124.98 million in FY2021 to S\$114.49 million in FY2022. Gross profit margin remained relatively stable in FY2022 compared to FY2021 at 79.46% and 78.45%, respectively. Interest income increased by S\$1.74 million or 38.10% from S\$4.56 million to S\$6.30 million due to higher interest derived from the Group's cash placed in fixed deposits. Other operating income decreased by S\$1.03 million or 11.74%, mainly due to the absence of government grants in FY2022 compared to FY2021.

Distribution costs decreased by S\$29.96 million or 17.25% from S\$173.70 million in FY2021 to S\$143.74 million in FY2022, mainly due to lower convention expenses as well as lower freelance commissions in line with lower revenue contribution from the Direct Selling segment. Administrative expenses increased S\$4.70 million or 5.22% from S\$90.19 million to S\$94.89 million, mainly attributable to higher professional fees and commissioning costs relating to the Site Acceptance Test of the Group's manufacturing equipment for the Group's Tuas facility offsetting lower management and staff costs.

Net other losses of S\$29.51 million were recorded in FY2022 compared to net gains of S\$7.76 million, mainly due to the impairment of the Group's investment in a joint venture in the United Kingdom and net foreign exchange losses from the settlement of trade receivables denominated in Chinese Yuan, as well as revaluation of cash and cash equivalents denominated in United States Dollars as the Chinese Yuan and United States Dollars were significantly weaker against Singapore Dollars.

The contributions arising from the share of results of the Group's joint venture and associated company in FY2021 and FY2022 were generally not material. In line with the reduction of net profit before tax, the Group recorded a lower income tax expense of \$52.40 million in FY2022 compared to \$58.37 million in FY2021.

As a result of the foregoing, the Group's net profit attributable to equity holders fell by S\$17.44 million or 11.34% from S\$153.69 million in FY2021 to S\$136.26 million in FY2022. Net profit margin fell from 26.50% in FY2021 to 24.45% in FY2022.

FY2022 vs FY2023

The Group's revenue decreased by S\$42.84 million or 7.69% from S\$557.35 million in FY2022 to S\$514.51 million in FY2023, mainly due to the Group's franchise segment in China experiencing weak consumer sentiment and ongoing macroeconomic challenges for FY2023, offset by higher revenue from the direct selling segment. Revenue derived from China fell S\$69.94 million or 23.95% from S\$292.06 million in FY2022 to S\$222.12 million in FY2023.

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In line with the decreased revenue, the cost of sales decreased by S\$5.39 million or 4.71% from S\$114.49 million in FY2022 to S\$109.10 million in FY2023. Gross profit margin remained relatively stable in FY2023 compared to FY2022 at 78.79% and 79.46%, respectively. Interest income increased by S\$6.80 million or 108.05% from S\$6.30 million to S\$13.10 million due to higher interest derived from the Group's cash placed in structured and fixed deposits with banks. Other operating income decreased by S\$0.83 million or 10.69%, mainly due to lower government grants in FY2023 compared to FY2022.

Distribution costs increased by S\$13.13 million or 9.13% from S\$143.74 million in FY2022 to S\$156.87 million in FY2023, mainly due to higher freelance commissions for direct selling distributors and events expenses relating to the Group's direct selling segment. Administrative expenses decreased S\$2.64 million or 2.78% from S\$94.89 million to S\$92.26 million, mainly due to lower management and staff costs and expenses related to the Site Acceptance Test for one of the lines in the Group's Tuas manufacturing facility.

Net other losses of S\$6.99 million were recorded in FY2023 compared to net other losses of S\$29.51 million, mainly due to the absence of the impairment of the Group's investment in a joint venture in the United Kingdom, impairment of the Group's investment in an associate as a result of a delay in revenue generation along with the strengthening Singapore Dollar that caused net foreign exchange losses on the revaluation of the Group's cash and cash equivalents denominated in United States Dollar and Chinese Yuan as well as the settlement of Taiwan branch's payables denominated in SGD.

The contributions arising from the share of results of the Group's joint venture and associated company in FY2022 and FY2023 were generally not material. In line with the reduction of net profit before tax, the Group recorded a lower income tax expense of \$47.82 million in FY2023 compared to \$52.40 million in FY2022.

As a result of the foregoing, the Group's net profit attributable to equity holders fell by S\$15.89 million or 11.66% from S\$136.26 million in FY2022 to S\$120.37 million in FY2023.

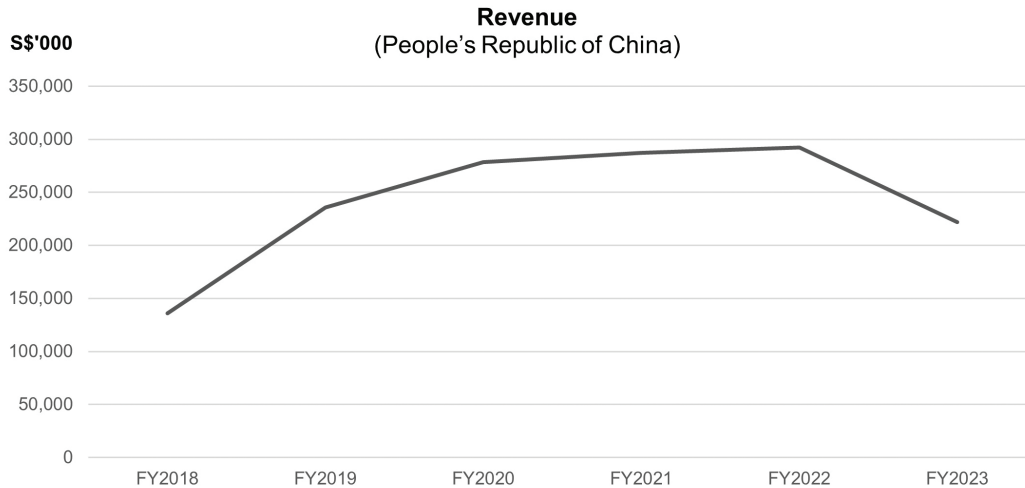
Contribution from the People's Republic of China

Over the past years, there has been a notable slowdown in the Group's revenue expansion from the People's Republic of China. In the latest announced financial results for FY2023, there was a significant revenue decrease of 23.95% from the People's Republic of China compared to the previous year.

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We have extracted below the revenue contribution from China of the Group for the last six (6) financial periods to the latest available financial period:

S\$'000	Audited					
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Revenue (People's Republic of China)	135,787	235,661	278,295	287,013	292,062	222,123
<i>% Change</i>	–	73.55%	18.09%	3.13%	1.76%	(23.95)%
Revenue from the People's Republic of China as a % of Group's Revenue	52.78%	61.32%	50.73%	49.48%	52.40%	43.17%



The Group's presence in the Chinese market has significantly contributed to its financial performance over the past six fiscal years, accounting for a substantial portion of the Group's total revenue, ranging from 43.17% to 61.32%. As demonstrated by the aforementioned financial performance, the Group's revenues and profitability have been adversely affected by uncertainties prevailing in the Chinese market. Additionally, ECA has sighted several historical data points suggesting that between FY2022 and FY2023, the decline in revenue from China was primarily attributable to reduced volume, average selling price, and foreign currency exchange losses due to the depreciation of the Chinese Yuan against the Singapore Dollar.

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Financial Position of the Group

The audited financial position of the Group as at 31 December 2023 is set out below:

(S\$'000)	Audited As at 31 December 2023
<u>Non-current assets</u>	
Property, plant and equipment	76,483
Investment property	1,054
Other intangible asset	7,387
Intangible assets	994
Right-of-use assets	23,402
Investment in a joint venture	25,528
Investment in an associate	1,697
Deferred tax assets	12,066
Other financial assets	1,184
Total non-current assets	149,795
<u>Current assets</u>	
Inventories	63,659
Trade and other receivables	10,695
Other assets	18,027
Other financial assets	14,627
Cash and cash equivalents	608,065
Total current assets	715,073
Total assets	864,868
<u>Current liabilities</u>	
Trade and other payables	138,537
Contract liabilities	7,669
Lease liabilities	5,192
Other financial liabilities	31
Borrowings	15,000
Provisions	34,882
Income tax payable	31,692
Total current liabilities	233,003

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(S\$'000)	Audited As at 31 December 2023
Non-current liabilities	
Provisions	1,605
Deferred tax liabilities	10,002
Lease liabilities	17,337
Other financial liabilities	12,624
Total non-current liabilities	41,568
Capital and reserves	
Share capital	20,618
Treasury shares	(18,275)
Retained earnings	562,592
Other reserves	27,764
Total Equity	592,699
Non-controlling interests	(2,402)
Equity attributable to owners of the Company	590,297

Net Asset Value Computation <i>(as per figures disclosed in the Group's audited financial statements for FY2023)</i>	
Net asset value ("NAV") (S\$)	590,297,000
Number of Shares	430,445,393
NAV per Share (S\$)	1.37
Premium of the Final Exit Offer Price to the NAV (%)	86.86%
Price-to-NAV ("P/NAV") ratio as implied by the Final Exit Offer Price (times)	1.87

Source: Group's audited financial statements for FY2023

Assets of the Group

As at 31 December 2023, the assets of the Group of S\$864.87 million comprised mainly: (i) cash and cash equivalents of S\$608.07 million; (ii) property, plant and equipment of S\$76.48 million; (iii) inventories of S\$63.66 million; (iv) investment in a joint venture of S\$25.53 million; and (v) right-of-use assets of S\$23.40 million, representing approximately 70.31%, 8.84%, 7.36%, 2.95% and 2.71% respectively.

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Cash and cash equivalents

As at 31 December 2023, the Group's cash and cash equivalents were S\$573.96 million, excluding restricted cash of S\$34.11 million pledged for bank facilities and/or security deposits.

Property, plant and equipment

As at 31 December 2023, the property, plant and equipment of the Group amounted to S\$76.48 million. Of this amount, S\$37.36 million relates to the leasehold building of the Group's Tuas manufacturing facility, situated at 1 Tuas Basin Link, Singapore 638755, and S\$25.44 million relates to the plant and machinery in the Group's Tuas manufacturing facility. We understand from Management that the Group's Tuas manufacturing facility is newly built, and the current carrying values of the Tuas manufacturing facility approximate the fair values of the Tuas manufacturing facility.

During the year, the Group acquired assets amounting to S\$11.16 million and disposed of assets amounting to S\$1.21 million.

Inventories

Inventories consist of mainly finished goods, which are recorded at lower of cost and net realisable value.

Investment in joint venture

Investment in joint venture relates to the Group's investment in Pedal Pulses Limited ("**Pedal Pulses**"). On 3 April 2020, the Group, through its wholly-owned subsidiary corporation, MDUK Investments Pte. Ltd., entered into a sales and purchase agreement to acquire 579 ordinary shares of Pedal Pulses Limited, representing 49.90% equity interest for a cash consideration of GBP13,900,000, equivalent to S\$24,762,000. The Group jointly controls the venture with another partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

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

As at 31 December 2023, the carrying values of the investment in Pedal Pulses amounted to S\$25.53 million due to impairment losses recorded on the investment in FY2021 and FY2022. No impairment loss was recorded in FY2023.

Impairment losses of approximately \$12.69 million in FY2022 were due to Pedal Pulses Limited's FY2022 actual performance not meeting its management projections, which were conducted in 2020 for the purpose of the acquisition. Reasons resulting in the shortfall in performance include:

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- a. COVID outbreak, which negatively affected consumer behaviour as well as disrupted clinic operations;
- b. Shortages of podiatrists for the clinics due to immigration measures for non-UK workers as a result of Brexit; and
- c. Disruption in travelling impeded expansion plans within Europe.

As a result, the carrying amount exceeded the recoverable amount when its auditors performed the impairment assessment, which requires the investment to be impaired.

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

Right-of-use assets

Right-of-use assets mainly relate to leases for its HQ office, supply chain & quality centre, regional centres and manufacturing facilities.

Other intangible asset

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

Other assets

Other assets mainly relate to deposits and prepayments made to suppliers.

Other financial assets

Other financial assets refer to the Company's financial investments as well as Call Options in relation to Pedal Pulses Limited (refer to Note 19 of the Group's audited financial statements for FY2023).

Liabilities of the Group

The corresponding liabilities of the Group of S\$274.57 million comprised mainly: (i) trade and other payables of S\$138.54 million; (ii) provisions of S\$36.49 million; (iii) income tax payable of S\$31.69 million; (iv) lease liabilities of S\$22.53 million and (v) borrowings of S\$15.00 million, representing approximately 50.46%, 13.29%, 11.54%, 8.21% and 5.46% of the Group's total liabilities respectively.

Other financial liabilities are mainly related to the Put Option in relation to Pedal Pulses.

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Cash Flows of the Group

(S\$'000)	Audited FY2021	Audited FY2022	Audited FY2023
Net cash from operating activities	175,849	183,246	123,518
Net cash (used in)/from investing activities	(30,430)	(6,739)	2,531
Net cash (used in) financing activities	(6,113)	(153,720)	(29,242)
Net increase in cash and cash equivalents	139,306	22,787	96,807
Cash and cash equivalent at the beginning of the financial period	328,361	467,844	477,389
Effect of exchange rate changes on cash and cash equivalents	177	(13,242)	(236)
Cash and cash equivalents for the consolidated statement of cash flow at the end of financial year	467,844	477,389	573,960
Restricted Cash ⁽¹⁾	6,984	7,442	34,105
Cash and cash equivalents at the end of financial year	474,828	484,831	608,065

Note:

(1) Restricted cash includes cash pledged for bank facilities and/or security deposits.

Sources: Group's audited financial statements for FY2021, FY2022 and FY2023.

FY2021

In FY2021, the Group recorded a net cash from operating activities of S\$175.85 million, which was a result of operating cash flow before changes in working capital of S\$218.51 million, an increase due to working capital change of approximately S\$19.74 million and payment of income tax of approximately S\$62.40 million.

Net cash used in investing activities amounted to approximately S\$30.43 million in FY2021, which was primarily due to purchases of property, plant and equipment.

Net cash used in financing activities was approximately S\$6.11 million in FY2021, primarily due to payment of lease liabilities and increased cash restricted in use.

As at 31 December 2021, the Group's cash and cash equivalents were S\$467.84 million, excluding restricted cash of S\$6.98 million pledged for bank facilities and/or security deposits.

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FY2022

In FY2022, the Group recorded a net cash from operating activities of S\$183.2 million, which was a result of operating cash flow before changes in working capital of S\$209.05 million, an increase due to working capital changes of approximately S\$26.99 million and payment of income tax of approximately S\$52.79 million.

Net cash used in investing activities amounted to approximately S\$6.74 million in FY2022, which was primarily due to purchases of property, plant and equipment offset by interest received of S\$6.30 million.

Net cash used in financing activities was approximately S\$153.72 million in FY2022, primarily due to the payment of cash for the off-market equal access share buybacks conducted and the purchase of treasury shares.

As at 31 December 2022, the Group's cash and cash equivalents were S\$477.39 million, excluding restricted cash of S\$7.44 million pledged for bank facilities and/or security deposits.

FY2023

In FY2023, the Group recorded net cash from operating activities of S\$123.52 million, which was a result of operating cash flow before changes in working capital of S\$171.19 million, an increase due to working capital changes of approximately S\$11.56 million and payment of income tax of approximately S\$36.11 million.

Net cash from investing activities amounted to approximately S\$2.53 million in FY2023, which was primarily due to the receipt of interests offset by purchases of property, plant and equipment. The additions are mainly related to office refurbishments in HQ, China, and Malaysia offices, as well as plant and machinery related to the Company's Tuas manufacturing facility. The disposals mainly refer to the disposal of motor vehicles, office renovations, and assets which were fully depreciated.

Net cash used in financing activities was approximately S\$29.24 million in FY2023, primarily due to purchases of treasury shares, payment of lease liabilities and increase in cash restricted in use offset by proceeds of bank borrowings.

As at 31 December 2023, the Group's cash and cash equivalents were S\$573.96 million, excluding restricted cash of S\$34.11 million pledged for bank facilities and/or security deposits.

Summary

Upon reviewing the Company's Statement of Financial Position and based on discussions held with the Company's Management, the IFA was of the view that none of the assets have a significant revaluation surplus. Additionally, the IFA noted that in accordance with the Singapore Code of Takeovers and Mergers under Notes on Rule 26.1, besides cash and cash equivalents, there were no other assets to be valued where the net book value represents more than 30% of the offer value. Consequently, no asset revaluation is required and utilising revalued NAV in this context was not deemed necessary.

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Additionally, the Company has not conducted a separate valuation as the majority of its assets comprise cash and cash equivalents and inventories, which comprise 70.31% and 7.36% of its total assets, respectively, based on its latest audited financial statements for FY2023. Property, plant and equipment comprise only 8.84% of its total assets. As such, the Company did not conduct a separate valuation. Based on the Company's net tangible asset per share as of 31 December 2023 of approximately \$1.35, the Final Exit Offer Price would be at a premium of \$1.21 per share or 89.36%.

Over the past three financial years, a decrease in net cash generated from operating activities is evident due to a fall in the revenues generated by the Group. While the financial performance and position of the Group are still strong and healthy, declines and weaknesses in revenues and net cash from operating activities can be observed.

Directors and Management Confirmation

In respect of the above, we have sought the following confirmations from the Directors and Management, and they confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief that:

- (i) there are no material differences between realisable values of Group's assets and their respective book values as at 31 December 2023, which would have a material impact on the NAV of the Group.
- (ii) other than that already provided for or disclosed in the Group's financial statements as at 31 December 2023, there are no other contingent liabilities, bad or doubtful debts or material events which would likely have a material impact on the NAV of the Group as at the Latest Practicable Date.
- (iii) there are no litigation, claim or proceedings pending or threatened against the Company or Group or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and Group.
- (iv) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards (International) and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group.
- (v) there are no material acquisitions or disposals of assets by the Group between 31 December 2023 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business.

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8.3 Comparison of Valuation Ratios for Comparable Companies

We understand from Management that they are of the view that there are no direct comparable listed companies on the SGX-ST to the Group that they are aware of. Following the above, we noted no similar companies in the beauty direct selling and franchise business listed on the SGX-ST. However, for the purpose of our evaluation of the financial terms of the Exit Offer, as a broad reference, we have made reference to the valuation ratios of selected listed companies in the world which are engaged in the beauty direct selling and franchise business (“**Comparable Companies**”), which would give a broad indication on the valuation of the Group.

We wish to highlight that the Comparable Companies are not exhaustive, and we recognise that there is no company listed globally or on the SGX-ST that we may consider to be substantially similar to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of the business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives.

Accordingly, given the potential disparities of the geographical markets that the Comparable Companies operate in, the IFA have adjusted the valuation multiples (i.e. earnings multiples) of the selected companies by discounting their ratios by the average 1-year premium of the respective stock indices to remove the disparity in the different markets (as disclosed in Paragraph 8.6 of the Letter). The IFA is of the view that such adjustments are essential to ensure a fairer comparison to the best extent possible to enable shareholders to account for the nuanced differences between markets and industries, thus providing a more accurate basis for evaluation and investment decision-making.

The Recommending Directors should note that any comparison made with respect to the Comparable Companies merely serves to provide an illustrative perceived market valuation of the Group at the Latest Practicable Date.

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A brief description of the Comparable Companies is as follows:

Comparable Companies	Business Description	Stock Exchange	Jurisdiction	Financial Year Ended
<p>USANA Health Sciences, Inc ("USANA")</p>	<p>USANA is a global direct-selling personal health and wellness company that develops and manufactures science-based nutritional and personal care products. The Company operates through one segment: direct selling. Its three geographic regions are Asia Pacific, the Americas, and Europe. The Company's product lines include USANA Nutritionals Optimizers, Essentials/CellSentials, foods, personal care, skincare, and all others. The USANA Nutritionals Optimizers consist of supplements designed to meet individual health and nutritional needs. These products support cardiovascular, skeletal/structural, and digestive health needs and are intended to be used in conjunction with the Essentials/CellSentials. The Essentials/CellSentials product line includes vitamin and mineral supplements that provide total body nutrition. Its food product line includes meal replacement shakes, snack bars, and other related products.</p>	<p>New York Stock Exchange</p>	<p>United States</p>	<p>31 December</p>
<p>Herbalife Ltd ("Herbalife")</p>	<p>Herbalife is a global nutrition company actively engaged in the direct selling industry, boasting an international presence across 95 markets. Herbalife distributes and markets a diverse range of products to consumers worldwide through its direct-selling business model, leveraging a vast network of independent members. Their product portfolio encompasses skincare, haircare, and nutritional supplements, effectively catering to the beauty, health and wellness segment. It has also developed a portfolio of dietary supplements encompassing solutions for heart health, digestive health, immunity and others.</p>	<p>New York Stock Exchange</p>	<p>United States</p>	<p>31 December</p>

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Comparable Companies	Business Description	Stock Exchange	Jurisdiction	Financial Year Ended
Grape King Bio Ltd (“ Grape King ”)	<p>Grape King is a Taiwan-based company mainly engaged in manufacturing and selling products that serve the healthcare, beauty, health, and wellness sectors in Taiwan, China, and internationally. The Company operates through three business segments. The Direct Sales segment is engaged in developing and manufacturing related products for subsidiaries. The Distribution segment is engaged in the provision of own-brand products. The Original Equipment Manufacturer (“OEM”) segment is engaged in the OEM business in Taiwan and Shanghai. The main products include lactic acid bacteria products and other healthcare products, as well as beverage products, medicines and cosmetics.</p>	Taiwan Stock Exchange	Taiwan	31 December
Nu Skin Enterprises, Inc. (“ Nu Skin ”)	<p>Nu Skin is an integrated beauty and wellness company that develops and distributes a comprehensive line of beauty and wellness solutions in approximately 50 markets worldwide. Nu Skin operates through direct selling channels through its global network of independent distributors. Nu Skin specialises in anti-ageing skincare products, nutritional supplements, personal care items, etc.</p>	New York Stock Exchange	United States	31 December
Amway Malaysia Holdings Bhd (“ Amway ”)	<p>Amway is a Malaysia-based investment holding company engaged in the direct selling of consumer products, primarily under the Amway trademark. Amway’s product range includes health supplements, energy products, skincare, personal care, and durables. Amway manufactures and distributes approximately 450 consumer products and has approximately 20 stores nationwide.</p>	Bursa Malaysia	Malaysia	31 December

Source: Bloomberg L.P., CapitalIQ, and Financial Times

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In our evaluation, we have considered the following widely used valuation measures:

Valuation Ratio	Description
Price-to-earnings (“ PE ratio ”)	<p>PE ratio or earnings multiple is the ratio of a company’s market capitalisation divided by the historical consolidated net profit attributable to shareholders.</p> <p>The PE ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. The PE ratio illustrates the ratio of the market capitalisation of an entity in relation to the historical net profit attributable to its shareholders.</p> <p>As such, it is affected by the capital structure of a company, its tax position, and its accounting policies relating to depreciation and intangible assets.</p>
P/NAV	<p>NAV refers to consolidated net asset value, which is the total assets of a company less its total liabilities.</p> <p>P/NAV refers to the ratio of a company’s share price divided by NAV per share. The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company.</p> <p>The NAV of a company provides an estimate of its value, assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology, and this approach is meaningful to the extent that it measures the value of each share attached to the Company’s net assets.</p>
Price-to-Sales ratio (“ PS ratio ”)	<p>The Price-to-Sales ratio is a financial metric used to evaluate the valuation of a company in relation to its revenue. It is calculated by dividing a company’s market capitalisation by its total revenue over a specific period (usually a year).</p> <p>Essentially, the PS ratio indicates how much investors are willing to pay for each dollar of a company’s revenue. A high PS ratio suggests that investors are paying a premium for the company’s revenue, which could indicate high growth expectations or overvaluation. Conversely, a low PS ratio may indicate undervaluation or slow growth prospects.</p> <p>While the PS ratio can be useful for comparing companies within the same industry or sector, it’s essential to consider other factors, such as profitability, growth prospects, and industry dynamics.</p>

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Valuation Ratio	Description
Enterprise Value-to-Earnings Before Interests, Taxes, Depreciation and Amortisation (“ EV/EBITDA ”)	<p>EV refers to enterprise value, which is the sum of a company’s market capitalisation, preferred equity, minority interests, short-term and long-term debts (including finance leases), and less its cash and cash equivalents.</p> <p>EBITDA refers to the historical consolidated earnings before interest, taxes, depreciation and amortisation. The EV/EBITDA ratio illustrates the ratio of the market value of an entity’s business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA multiple is an earnings-based valuation methodology. The difference between EV/EBITDA and the PE ratio (described above) is that it does not consider a company’s capital structure or interest, taxation, depreciation, and amortisation charges.</p>

PE ratio implied by the Final Exit Offer Price

The Group’s profit attributable to equity holders of the Group for FY2023 was S\$120.37 million. Based on the Final Exit Offer Price of S\$2.56 per Share and 427,915,393⁽¹⁾ Shares (excluding treasury Shares) as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately S\$1.10 billion. The Final Exit Offer Price thus values the Group at a PE ratio of approximately 9.10 times.

P/NAV implied by the Final Exit Offer Price

The NAV of the Group as at 31 December 2023 amounted to approximately S\$590.30 million. Accordingly, based on 430,445,393 Shares (excluding treasury Shares) as disclosed in the Group’s audited financial statements for FY2023, the NAV per Share amounted to S\$1.37 per Share. The Final Exit Offer Price of S\$2.56 per Share represents a premium of 86.86% over the NAV per Share of S\$1.37 and values the Group at a P/NAV ratio of approximately 1.87 times.

For the purpose of the IFA’s evaluation of the financial terms of the Exit Offer detailed in this Letter, and notwithstanding the above, the NAV of the Group has been adjusted to reflect the share buyback cash purchases made by way of market acquisition conducted by the Company after 31 December 2023 and up to the Latest Practicable Date. Accordingly, based on the adjusted NAV (“**ANAV**”) of the Group amounting to approximately S\$584.02 million⁽²⁾ and 427,915,393⁽¹⁾ Shares (excluding treasury Shares) as at the Latest Practicable Date, the ANAV per Share amounted to S\$1.36 per Share. The Final Exit Offer Price of S\$2.56 per Share represents a premium of 88.24% over the ANAV per Share of S\$1.36 and values the Group at a price-to-adjusted NAV ratio (“**Adjusted P/NAV**” or “**P/ANAV**”) of approximately 1.88 times.

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PS ratio implied by the Final Exit Offer Price

The Group's revenue for FY2023 was S\$514.51 million. Based on the Final Exit Offer Price of S\$2.56 per Share and the 427,915,393⁽¹⁾ Shares (excluding treasury Shares) as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately S\$1.10 billion. The Final Exit Offer Price thus values the Group at a PS ratio of approximately 2.13 times.

EV/EBITDA implied by the Final Exit Offer Price

The Group's recurring EBITDA for FY2023 was S\$170.54 million. Based on the Final Exit Offer Price of S\$2.56 per Share and the 427,915,393⁽¹⁾ Shares (excluding treasury Shares) as at the Latest Practicable Date, the implied enterprise value of the Group is approximately S\$518.98⁽³⁾ million. The Final Exit Offer Price thus values the Group at an EV/EBITDA ratio of approximately 3.04 times.

Notes:

- (1) For the period between 31 December 2023 and up to the Latest Practicable Date, the Group has conducted share buybacks through market acquisition on 15 April 2024, with a total number of 2,530,000 Shares purchased. Consequently, the number of shares outstanding (excluding treasury Shares) has been correspondingly reduced.
- (2) For the period between 31 December 2023 and up to the Latest Practicable Date, the Group conducted share buybacks through market acquisition on 15 April 2024, with a total consideration of S\$6,274,059.30 using cash. Accordingly, the Group's NAV has been adjusted by subtracting the total consideration of S\$6,274,059.30 from the Group's total assets before computing the ANAV (the total assets less total liabilities adjusted for the share buyback).
- (3) The computation of enterprise value is derived based on the following components:
 - (i) market capitalisation of S\$1.10 billion based on the Final Exit Offer Price and adjusted outstanding shares of 427,915,393 (excluding treasury Shares) as at the Latest Practicable Date;
 - (ii) total debt of S\$37.53 million comprising of short-term borrowings of S\$15.00 million (as of 31 December 2023), current portion of leases of S\$5.19 million (as of 31 December 2023) and long-term leases of S\$17.34 million (as of 31 December 2023);
 - (iii) cash and cash equivalents of S\$601.79 million (adjusted for share buyback cash purchases) and short-term investments of S\$14.63 million (as of 31 December 2023); and
 - (iv) non-controlling interest of S\$2.40 million (as of 31 December 2023).

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Comparable Companies

The valuation ratios of the Comparable Companies based on their respective last traded share prices as at the Latest Practicable Date are set out below:

Comparable Companies	Market Capitalisation (S\$' million)	PE ratio (times)	P/NAV ⁽¹⁾ (times)	PS ratio ⁽²⁾ (times)	EV/EBITDA ⁽³⁾ (times)
USANA Health Sciences Inc	1,159.03	13.53x	1.77x	0.94x	4.69x
Herbalife Ltd	1,483.98	7.77x	(1.06)x	0.22x	6.21x
Grape King Bio Ltd	1,003.82	10.88x	2.33x	2.19x	6.92x
NU Skin Enterprises Inc	834.75	72.32x	0.77x	0.32x	6.47x
Amway (Malaysia) Holdings Bhd	339.47	9.94x	3.84x	0.82x	5.82x
Max		72.32x	3.84x	2.19x	6.92x
Min		7.77x	(1.06)x	0.22x	4.69x
Mean		10.53x ⁽⁴⁾	1.53x	0.90x	6.02x
Median		10.41x ⁽⁴⁾	1.77x	0.82x	6.21x
Company (implied by the Final Exit Offer Price)	1,095.46	9.10x	1.88x⁽⁵⁾	2.13x	3.04x⁽⁶⁾

Sources: Bloomberg L.P., annual reports and announcements of the SGX-ST Companies and ECA calculations

Notes:

- (1) The P/NAV ratios of the Comparable Companies are calculated based on their respective NAV values as set out in their latest published full-year financial results.
- (2) The PS ratio of the Comparable Companies is calculated by dividing their market capitalisation by their total revenue over a specific period, typically a year. Market capitalisation is calculated by multiplying the current stock price by the total number of outstanding shares. The revenue is calculated based on their respective revenue values as set out in their latest published full-year financial results.
- (3) The enterprise value of the Comparable Companies is calculated based on (i) their market capitalisation; and (ii) their preferred equity, minority interests and net debt (if any), as set out in their respective latest available financial results. The EBITDA is calculated based on their respective EBITDA values as set out in their latest published full-year financial results.
- (4) NU Skin Enterprises Inc. was excluded as an outlier when calculating the mean and median PE ratios due to its significant deviation within the Comparable Companies dataset. NU Skin Enterprises Inc. has an unusually high PE ratio compared to its peers, primarily because its earnings experienced a substantial decline from FY2022 to FY2023, with NU Skin Enterprises Inc.'s net income dropping by approximately 91.8%. The decrease in earnings was primarily driven by its third-quarter 2023 inventory write-off charge of US\$65.7 million, a US\$19.8 million restructuring charge and the overall decline in revenue driven by continued macroeconomic pressure, which has negatively impacted their consumer spending and customer acquisition, partially offset by its 2022 US\$48.5 million restructuring charge and US\$26.9 million third quarter of 2022 inventory write-off charge. In addition, its earnings were impacted by an increase in its effective tax rate for 2023. This exclusion ensures that the analysis provides a more reliable basis for comparing companies within the industry and/or having similar operations.
- (5) The NAV of the Group has been adjusted to reflect the share buyback cash purchases made by way of market acquisition conducted by the Company after 31 December 2023 and up to the Latest Practicable Date. Accordingly, the implied P/ANAV is based on the market capitalisation of S\$1.10 billion based on the Final Exit Offer Price and adjusted outstanding shares of 427,915,393 (excluding treasury Shares) as at the Latest Practicable Date and the ANAV of the Group amounting to approximately S\$584.02 million.

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- (6) The computation of EV/EBITDA is derived using the Group's recurring EBITDA of S\$170.54 million (as of 31 December 2023) and the following enterprise value components:
- (i) market capitalisation of S\$1.10 billion based on the Final Exit Offer Price and adjusted outstanding shares of 427,915,393 (excluding treasury Shares) as at the Latest Practicable Date;
 - (ii) total debt of S\$37.53 million comprising of short-term borrowings of S\$15.00 million (as of 31 December 2023), current portion of leases of S\$5.19 million (as of 31 December 2023) and long-term leases of S\$17.34 million (as of 31 December 2023);
 - (iii) cash and cash equivalents of S\$601.79 million (adjusted for share buyback cash purchases) and short-term investments of S\$14.63 million (as of 31 December 2023); and
 - (iv) non-controlling interest of S\$2.40 million (as of 31 December 2023).

Based on the above, we observe that:

- (i) The PE ratio of the Group of 9.10 times implied by the Final Exit Offer Price is within the range of the PE ratios of the Comparable Companies but below the mean and median PE ratios of the Comparable Companies of 10.53 times and 10.41 times, respectively.
- (ii) The P/ANAV ratio of the Group of 1.88 times implied by the Final Exit Offer Price is within the range of the P/NAV ratios of the Comparable Companies and above the mean and median P/NAV ratio of the Comparable Companies of 1.53 times and 1.77 times, respectively.
- (iii) The PS ratio of the Group of 2.13 times implied by the Final Exit Offer Price is close to the top end of the range of the PS ratios of the Comparable Companies and above the mean and median PS ratios of the Comparable Companies of 0.90 times and 0.82 times, respectively.
- (iv) The EV/EBITDA ratio of the Group of 3.04 times is below the range of EV/EBITDA ratios of the Comparable Companies and below the mean and median EV/EBITDA ratios of the Comparable Companies of 6.02 times and 6.21 times, respectively.

8.4 Comparison with recently completed Privatisation Transactions on the SGX-ST

In view that it is the intention of the Non-Participating Shareholders to privatise the Company and delist it from the SGX-ST, for the purpose of our evaluation of the financial terms of the Offer, we have compared the financial terms of the Exit Offer to other recently completed privatisation take-over offers of companies listed on the SGX-ST which were announced in the 24 months prior to the Delisting Update Announcement Date ("**Privatisation Transactions**").

However, we wish to highlight that the list of target companies set out under the Privatisation Transactions may not be directly comparable with the Company in terms of market capitalisation, size of operations, business activities, accounting policies, financial performance, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. We also wish to highlight that the list of Privatisation Transactions is by no means exhaustive and has been compiled based on publicly available information as at the Latest Practicable Date.

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The premium (if any) that an offeror would pay in respect of any particular takeover depends on various factors, *inter alia*, the offeror's intention with regard to the target company, the potential synergy that the offeror can derive from acquiring the target company, the presence of competing bids for the target company, prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets as well as existing and desired level of control in the target company. Therefore, the comparison of the Exit Offer with the Privatisation Transactions set out below is for illustrative purposes only. Conclusions drawn from the comparisons made may not reflect the perceived market valuation of the Company.

Privatisation Transactions	Date of announcement ⁽¹⁾	Premium/(Discount) of Offer Price over/(to) ⁽¹⁾ (%)				Price-to-NAV or RNAV ⁽²⁾ (times)
		Last transacted market price prior to announcement	VWAP for the 1-month period prior to announcement	VWAP for the 3-month period prior to announcement	VWAP for the 6-month period prior to announcement	
Excelpoint Technology Ltd	13-Apr-2022	21.40	36.60	31.30	45.90	1.58
Hwa Hong Corporation Limited	17-May-2022	37.90	36.10	32.00	22.00	0.79
TTJ Holdings Limited	20-May-2022	36.10	33.60	28.80	28.00	0.63
Allied Technologies Limited	17-Jun-2022	n.m ⁽³⁾	n.m ⁽³⁾	n.m ⁽³⁾	n.m ⁽³⁾	0.35
GYP Properties Limited	9-Jul-2022	34.20	37.90	33.30	28.20	0.69
SP Corporation Limited	20-Aug-2022	169.50	163.70	162.80	156.90	1.00
Silkroad Nickel Ltd.	9-Sep-2022	2.40	5.40	5.10	(5.50)	5.07
Memories Group Limited	12-Sep-2022	34.30	67.30	72.20	74.70	1.02
Singapore Medical Group Limited	13-Sep-2022	23.10	28.10	28.90	25.80	1.14
Moya Holdings Asia Limited	14-Sep-2022	41.50	43.80	48.40	48.40	1.39
MS Holdings Limited	3-Oct-2022	16.70 ⁽⁴⁾	–	25.20	25.50	0.48
Asian Healthcare Specialists Limited	6-Oct-2022	17.50	18.30	21.30	22.30	2.07
Colex Holdings Limited	17-Oct-2022	25.00	13.90	13.30	(14.50)	1.62
Informatics Education Ltd.	17-Oct-2022	37.50	8.90	4.80	(6.00)	n.m ⁽⁵⁾
Golden Energy and Resources Limited	9-Nov-2022	15.80	23.00	44.60	48.30	4.50
Chip Eng Seng Corporation Ltd	24-Nov-2022	5.60	13.10	26.50	33.70	0.56
Global Dragon Limited	10-Feb-2023	14.30	15.40	22.40	17.60	0.73
G. K. Goh Holdings Limited	28-Feb-2023	38.50	38.80	39.20	37.60	0.97
Global Palm Resources Holdings Limited	29-Mar-2023	93.80	86.80	70.10	70.10	0.78
Lian Beng Group Ltd	11-Apr-2023	19.30	27.00	28.50	29.90	0.43

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Privatisation Transactions	Date of announcement ⁽¹⁾	Premium/(Discount) of Offer Price over/(to) ⁽¹⁾ (%)				Price-to-NAV or RNAV ⁽²⁾ (times)
		Last transacted market price prior to announcement	VWAP for the 1-month period prior to announcement	VWAP for the 3-month period prior to announcement	VWAP for the 6-month period prior to announcement	
Penguin International Limited	4-May-2023	16.90	18.10	18.70	18.60	0.95
Challenger Technologies Limited	30-May-2023	9.10	10.50	11.90	14.30	1.46
Sysma Holdings Limited	1-Jun-2023	34.40	39.80	34.20	30.50	0.72
LHN Logistics Limited	4-Jun-2023	34.90	35.70	39.00	44.30	2.01
Healthway Medical Corporation Limited	3-Jul-2023	45.50	45.00	44.10	39.90	1.07
Amara Holdings Limited	14-Nov-2023	53.80	70.50	75.40	77.50	0.48
Max		169.50	163.70	162.80	156.90	5.07
Min		2.40	5.40	4.80	(14.50)	0.35
Mean		35.16	38.22	38.48	36.56	1.30
Median		34.20	34.65	31.30	29.90	0.97
Company (based on the last transacted market price on the last full day of trading of the Shares prior to the Delisting Update Announcement)	21 March 2024	46.29%	47.13%	46.29%	48.84%	1.88⁽⁶⁾
Company (based on the last transacted market price on the last full day of trading of the Shares prior to the Offer Announcement)	3 April 2024	15.32%	29.95%	36.90%	41.44%	1.88⁽⁶⁾
Company (based on the last transacted market price on the last full day of trading of the Shares prior to the Final Offer Announcement)	24 May 2024	2.40%	3.23%	12.78%	19.07%	1.88⁽⁶⁾

Sources: Circulars and announcements of Privatisation Transactions and ECA calculations

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Notes:

- (1) Date of announcement and premium/(discount) of offer price over last transacted price and VWAPs refer to the date of the first announcement (including Delisting Update Announcement) of offers and are extracted from the independent financial adviser's letter set out in respective circular of the companies.
- (2) Based on the NAV per share or RNAV per share, where available, as published in the independent financial adviser's letter set out in the respective circular of the companies.
- (3) If "n.m" means not meaningful as the shares of Allied Technologies Limited were suspended for more than three years prior to its offer.
- (4) As there was no traded price of MS Holdings Limited's shares on the last full market day prior to the announcement date of MS Holdings Limited's Voluntary Unconditional Cash Offer, the last transacted price was on August 26, 2022, which was the final market day on which the shares were transacted before the announcement date of MS Holdings Limited's Voluntary Unconditional Cash Offer.
- (5) If "n.m" means not meaningful as Informatics Education Ltd. was in a net liability position.
- (6) The NAV of the Group has been adjusted to reflect the share buyback cash purchases made by way of market acquisition conducted by the Company after 31 December 2023 and up to the Latest Practicable Date. Accordingly, based on the ANAV of the Group amounting to approximately S\$584.02 million and 427,915,393 Shares (excluding treasury Shares) as at the Latest Practicable Date, the ANAV per Share amounted to S\$1.36 per Share.

Based on the above, we note the following:

- (i) The premia implied by the Final Exit Offer Price of 46.29% over the last transacted price of the Shares prior to the Delisting Update Announcement is within the range of the corresponding premia of the Privatisation Transactions and above the mean and median of the corresponding premia of the Privatisation Transactions.
- (ii) The premia implied by the Final Exit Offer Price of 47.13% over the VWAPs for the 1-month period prior to the Delisting Update Announcement is within the range of the corresponding premia of the Privatisation Transactions and above the mean and median of the corresponding premia of the Privatisation Transactions.
- (iii) The premia implied by the Final Exit Offer Price of 46.29% over the VWAPs for the 3-month period prior to the Delisting Update Announcement Date is within the range and above the mean and median of the corresponding premia of the Privatisation Transactions.
- (iv) The premia implied by the Final Exit Offer Price of 48.84% to the VWAPs for the 6-month period prior to the Delisting Update Announcement Date is within the range of the corresponding premia of the Privatisation Transactions and above the mean and median of the corresponding premia of the Privatisation Transactions.
- (v) The P/ANAV ratio of the Group of 1.88 times as implied by the Final Exit Offer Price, is within the range of P/NAV or P/RNAV ratios of the Privatisation Transactions and above the mean and median P/NAV or P/RNAV ratios of the Privatisation Transactions.

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8.5 Dividend track record of the Company

We set out the dividend track record of the Shares of the past six financial years prior to the Delisting Update Announcement Date:

Dividend declared (S\$)	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total dividends per Share	0.074	0.012	–	–	–	–
Average Share price ⁽¹⁾	1.56	2.44	– ⁽²⁾	– ⁽²⁾	1.75	1.92
Dividend yield ⁽³⁾ (%)	4.74%	0.49%	–	–	–	–

Sources: Bloomberg L.P., annual reports of the Group and announcements of the Company

Notes:

- (1) The average daily closing price of the Shares.
- (2) The Company Shares were suspended with effect from 3.14 pm (Singapore time) on 9 May 2019, and the suspension was lifted with effect from 14 November 2022 at 9.00 am (Singapore time).
- (3) Computed based on dividends per share divided by the average share price.

We noted that regarding the declaration of dividends for FY2022 and FY2023, the Group provided the following commentary in the respective unaudited full-year announcements, which we have reproduced below in italics:

“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 year ended 31 December 2022.”

“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 year ended 31 December 2023.”

The Group has confirmed that it does not have a fixed dividend policy, and it will recommend future dividends after taking into consideration the Company’s cash and financial position, the financial performance of the Group, working capital requirements, projected capital expenditure and other investment plans.

We wish to highlight that the above dividend analysis of the Company serves only as an illustrative guide and does not indicate the Company’s future dividend policy. There is no assurance that the Company will or will not pay dividends in the future and/or maintain that level of dividends paid in past periods. Additionally, the payment of dividends is solely under the prerogative and discretion of the Company’s Board and Management. The IFA is of the view that the Company’s dividend track record is in line with what the Company has already disclosed publicly, including through SGXNet announcements, public statements, and/or guidance.

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8.6 Estimated Range of Values of the Securities

Following the Guidelines on Independent Financial Advisers issued by SGX RegCo on July 3, 2023, IFA involved in offers are to furnish a range of values for the securities subject to the offer and in line with the Takeover Code.

We have conducted an evaluation encompassing the market performance of the Shares, the financial performance, and the financial position of the Group. Additionally, we have compared the valuation ratios implied from the Final Exit Offer Price with those of Comparable Companies and recent SGX-ST privatisation transactions in earlier sections of this Letter.

As set out in paragraph 8.1 of this Letter, the trading liquidity of the Shares was low, with an average daily trading volume of approximately 388,858 Shares during the 1-year period prior to the release of the Delisting Update Announcement. Due to the comparatively low trading liquidity of the Shares, the historical trading prices of the Shares are not representative and, accordingly, not relevant for the purposes of determining the value of the Shares.

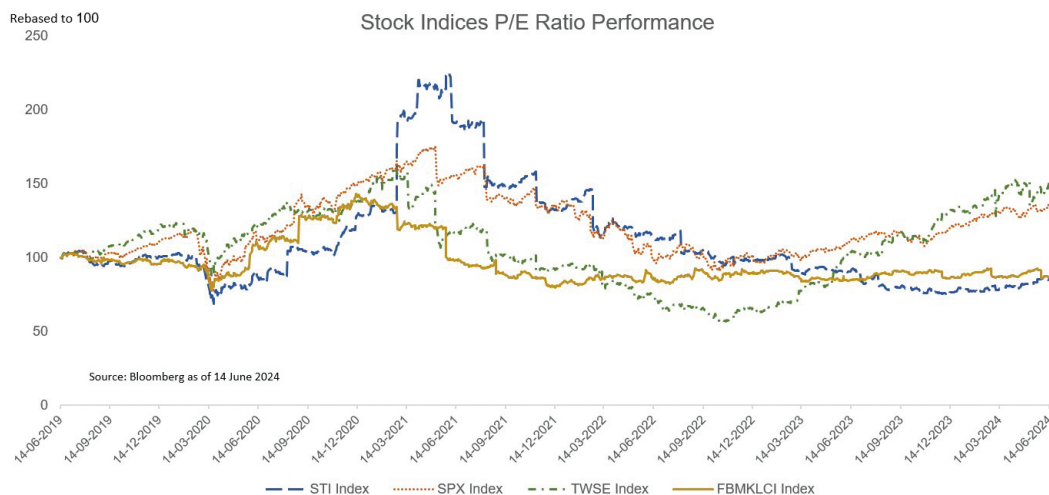
We have further delved into the valuation ratios in a bid to estimate a range of values of the Company's securities. As set out in Paragraph 8.3 of this Letter, the P/ANAV ratio and the PS ratio of the Company, as implied by the Final Exit Offer Price, are above the Comparable Companies' corresponding mean and median ratios. Based on the Comparable Companies' mean and median P/NAV and PS ratios, the Company's shares should be valued at between S\$2.09 to S\$2.41 and S\$0.98 and S\$1.08, respectively.

However, it's important to note that the Group's asset base consists of a large proportion of current assets, with a significant portion in cash. As such, the minimum valuation of the Group should be based at least on the Group's ANAV, which stands at S\$584.02 million or S\$1.36 per Share. Consequently, any range of values below S\$1.36 per Share (i.e. primarily derived from the PS ratio metric) should be disregarded. Additionally, it's worth noting that the ANAV of S\$1.36 per Share is at the same price as the Equal Access Offer Buyback Price offered by the Company in FY2021 and FY2022 of S\$1.36 per Share.

Next, upon examining the earnings metrics of PE ratio and EV/EBITDA, we observed that, as detailed in Paragraph 8.3 of this Letter, the PE ratio and EV/EBITDA ratio of the Company implied from the Final Exit Offer Price are lower than the corresponding mean and median ratios of the Comparable Companies. Consequently, the IFA conducted a more thorough analysis to comprehend the disparities in earnings across the various stock indices on which the Comparable Companies are traded.

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The charts below depict comparisons of the PE ratios of the various stock indices on which the Comparable Companies are traded.



Country	Index	PE ratio as at the Latest Practicable Date
Singapore	Straits Times Index	12.06
United States of America	Standard and Poor 500 Index	25.45
Republic of China (Taiwan)	Taiwan Stock Exchange Weighted Index	24.76
Malaysia	Kuala Lumpur Composite Index	15.23

Average PE Ratio Up Till Latest Practicable Date	STI Index	SPX Index	SPX Premium/ (Discount) over STI Index (%)	TWSE Index	TWSE Index Premium/ (Discount) over STI Index (%)	FBMKLCI Index	FBMKLCI Index Premium/ (Discount) over STI Index (%)
Average 1-Yr PE Ratio	11.45	22.84	99.48%	20.73	81.05%	15.52	35.55%
Average 3-Yr PE Ratio	15.31	22.27	45.46%	15.98	4.38%	15.40	0.59%
Average 5-Yr PE Ratio	15.83	22.74	43.65%	17.65	11.50%	16.93	6.95%

Source: Bloomberg L.P.

Based on the above charts, it can be observed that Singapore stocks generally tend to trade at lower earnings ratios compared to their counterparts in the United States of America, the Republic of China (Taiwan), and Malaysia. Accordingly, for relevancy reasons, we have adjusted the various PE and EV/EBITDA ratios of the Comparable Companies by discounting their ratios by the average 1-year premium of the respective stock indices to remove the disparity in the different markets.

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Notwithstanding the absence of publicly available IFA precedents specifically detailing this adjustment method for SGX-ST companies, advisors usually employ such practices as part of their financial analysis when conducting comparative analyses across diverse geographical markets to account for the nuanced differences between markets. Adjusting valuation multiples when comparing companies, especially those operating in different geographical markets, is a known commercial practice due to the varied nature of different markets, which may lead to significant variations in valuation metrics, such as earning multiples, due to differences in market depth, liquidity, regulatory environments, and investor sentiment etc. Additionally, stock indexes serve as a close proxy of the valuation multiples of a specific geographical market, given that they track the performance of a group of stocks that collectively represent a specific geographical market. As such, they provide a comprehensive snapshot of the overall market sentiment and economic conditions within a given region.

By factoring in the most recent valuations, such adjustments ensure that the analysis accounts for each market's unique characteristics and conditions, providing a more prudent comparison and enabling us to make informed decisions reflective of current market dynamics.

Comparable Companies	PE ratio (times)	Adjusted PE ratio ⁽¹⁾ (times)	EV/EBITDA (times)	Adjusted EV/ EBITDA ⁽²⁾ (times)
USANA Health Sciences Inc ⁽³⁾	13.53	6.78	4.69	2.35
Herbalife Ltd ⁽³⁾	7.77	3.90	6.21	3.11
Grape King Bio Ltd ⁽⁴⁾	10.88	6.01	6.92	3.82
NU Skin Enterprises Inc ⁽³⁾	72.32	36.25	6.47	3.24
Amway (Malaysia) Holdings Bhd ⁽⁵⁾	9.94	7.33	5.82	4.30
Mean	10.53 ⁽⁶⁾	6.00 ⁽⁶⁾	6.02	3.37
Median	10.41 ⁽⁶⁾	6.40 ⁽⁶⁾	6.21	3.24

Sources: Bloomberg L.P., annual reports and announcements of the SGX-ST Companies and ECA calculations

Notes:

- (1) The adjusted PE ratio adjusts for the discount that Singapore stocks generally trade compared to their counterparts in the United States of America, the Republic of China (Taiwan), and Malaysia based on each market's average 1-year premium over the STI Index.
- (2) The adjusted EV/EBITDA adjusts for the discount that Singapore stocks generally trade compared to their counterparts in the United States of America, the Republic of China (Taiwan), and Malaysia based on each market's average 1-year premium over the STI Index.
- (3) In the computation of the adjusted earnings multiples, the discount of 99.48%, which is the 1-year average earnings multiple premium that the SPX Index trades against the STI Index, was applied on the initial PE Ratio and EV/EBITDA ratio of the respective Comparable Companies that trades on the New York Stock Exchange.
- (4) In the computation of the adjusted earnings multiples, the discount of 81.05%, which is the 1-year average earnings multiple premium that the TWSE Index trades against the STI Index, was applied on the initial PE Ratio and EV/EBITDA ratio of the respective Comparable Companies that trades on the Taiwan Stock Exchange.
- (5) In the computation of the adjusted earnings multiples, the discount of 35.55%, which is the 1-year average earnings multiple premium that the FBMKLCI Index trades against the STI Index, was applied on the initial PE Ratio and EV/EBITDA ratio of the respective Comparable Companies that trades on Bursa Malaysia.

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- (6) NU Skin Enterprises Inc. was excluded as an outlier when calculating the mean and median PE ratios due to its significant deviation within the Comparable Companies dataset. NU Skin Enterprises Inc. has an unusually high PE ratio compared to its peers, primarily because its earnings experienced a substantial decline from FY2022 to FY2023, with NU Skin Enterprises Inc.'s net income dropping by approximately 91.8%. The decrease in earnings was primarily driven by its third-quarter 2023 inventory write-off charge of US\$65.7 million, a US\$19.8 million restructuring charge and the overall decline in revenue driven by continued macroeconomic pressure, which has negatively impacted their consumer spending and customer acquisition, partially offset by its 2022 US\$48.5 million restructuring charge and US\$26.9 million third quarter of 2022 inventory write-off charge. In addition, its earnings were impacted by an increase in its effective tax rate for 2023. This exclusion ensures that the analysis provides a more reliable basis for comparing companies within the industry and/or having similar operations.

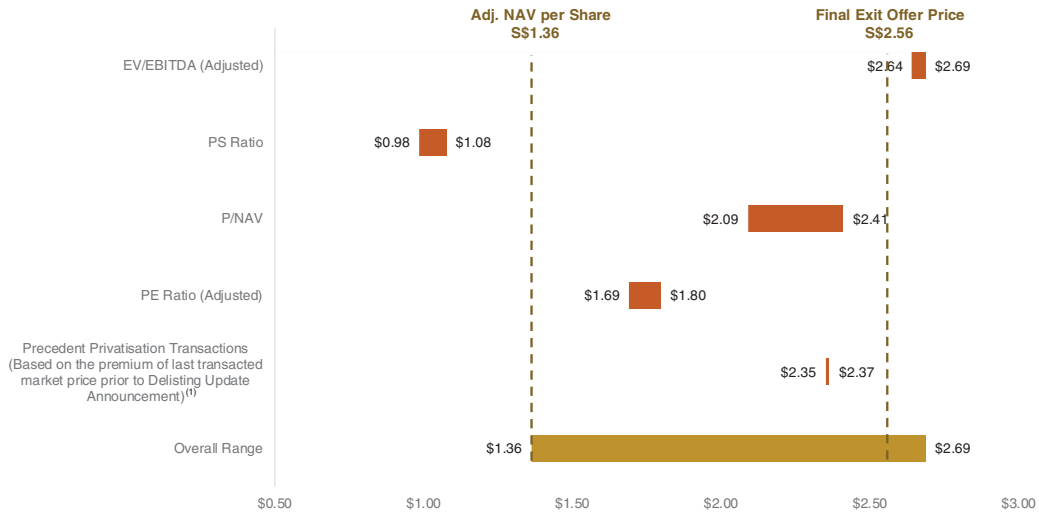
Following the above, the Comparable Companies' mean and median adjusted PE ratios would be lowered from 10.53 times and 10.41 times to 6.00 times and 6.40 times, respectively. Similarly, the Comparable Companies' mean and median adjusted EV/EBITDA ratios would be lowered from 6.02 times and 6.21 times to 3.37 times and 3.24 times, respectively. Based on these adjustments to the adjusted mean and median PE ratios and EV/EBITDA ratios of the Comparable Companies, the Company's implied Shares should be valued between S\$1.69 to S\$1.80 based on the PE ratio and S\$2.64 to S\$2.69 based on EV/EBITDA ratio.

The IFA would like to highlight that as part of its assessment of the financial terms of the Exit Offer, the IFA has also examined and assessed the implied valuations predicated on undiscounted valuation metrics (i.e. earnings multiples) of the Comparable Companies. As part of its analysis and deliberation, the IFA recognises that different countries and exchanges inherently operate under disparate market conditions, encompassing market depth and liquidity factors. The absence of discounting mechanisms would fix the Company's implied share price under conditions potentially divergent from the prevailing market landscape. Specifically, the higher multiples displayed by the Comparable Companies may inflate the multiples used in deriving an implied share price for the Company. Consequently, this would mean that the Exit Offer Price extended by the Company would be compared against inflated implied share price based on undiscounted valuation metrics of the Comparable Companies, unfairly disadvantaging the Company. Without adjusting for variances in market conditions as the basis of conducting a comparative analysis, the implied share price might potentially misguide shareholders. In addition, since the trading resumption on 14 November 2022, the Company's shares have never traded within the price range of the implied share price based on the undiscounted valuation metrics (i.e. earnings multiples) of the Comparable Companies. Accordingly, the IFA is of the view that the disclosure of the implied value of the Shares based on undiscounted valuation metrics of the Comparable Companies is not warranted.

The precedent Privatisation Transaction's mean and median premiums based on the last transacted market price prior to the announcement are 35.16% and 34.20%, respectively. Based on the Company's last transacted market price on the last full day of trading of the Shares prior to the Delisting Update Announcement of S\$1.75, the Company's implied Shares should be valued between S\$2.35 to S\$2.37.

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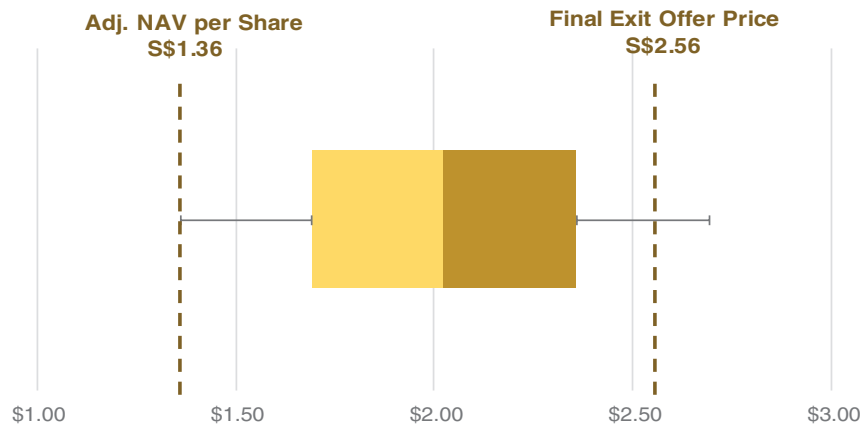
Summary of Implied Share Price Range



Note:

- (1) The precedent Privatisation Transaction's mean and median premiums based on the last transacted market price prior to the Delisting Update Announcement are 35.16% and 34.20%, respectively. Using the Company's last transacted market price on the last full day of trading of the Shares prior to the Delisting Update Announcement of S\$1.75 to multiply the respective premiums, the Company's implied Shares should be valued between S\$2.35 to S\$2.37.

Quartile Breakdown of Overall Implied Share Price Range



Combining all the approaches, the estimated value of the Shares ranges between S\$1.36 to S\$2.69 for each Share. The Final Exit Offer Price is within the fourth quartile range of the estimated value of the Shares.

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We wish to reiterate that the above computations are theoretical and do not imply that the Shares should trade within such range.

Notwithstanding that, optically, the range of values may appear 'broad', the implied share price range encompasses both the lower and upper bounds, substantiated by the various implied price ranges derived from the relevant metrics. As explained above, the range's lower bound is attributed to the Group's asset base, consisting largely of current assets with a significant portion in cash. Consequently, the minimum valuation of the Group should be based at least on the Group's adjusted net asset value, which serves as the lower bound. The upper bound is determined by considering all relevant metrics outlined in the 'Football Field Chart'. Accordingly, notwithstanding the 'broad' range of values, the IFA is of the view that the opinion is still relevant as it accounts for all relevant metrics which were relied upon in forming the IFA's opinion.

Additionally, the IFA would like to highlight that the methodologies employed in this Letter also align with the principles of the Takeover Code, which mandates fairness, transparency, and equal treatment of all shareholders by providing a holistic and independent analysis and assessment, which were relied upon in forming the IFA's opinion, enabling shareholders to make informed decisions. By considering all relevant metrics, we derived a comprehensive and substantiated range of implied share prices. Additionally, adjustments to selected valuation metrics accounted for discrepancies across different countries, ensuring a 'fairer' comparison to the best extent possible to enable shareholders to account for the nuanced differences between markets and industries, thus providing a more accurate basis for evaluation and investment decision-making. Accordingly, the IFA confirms that the derived range of values is consistent with the requirements set forth in the Takeover Code.

8.7 Other Relevant Considerations

8.7.1 Result of the Exit Offer in the hands of Eligible Shareholders

As a result of the Irrevocable Undertakings, where all the Non-Participating Shareholders and their concert parties are to waive any rights that they may have as a Shareholder to participate in the Exit Offer and abstain from voting on the Proposed Resolutions at the EGM, the results of the Exit Offer are solely in the hands of the Eligible Shareholders, whose votes will determine if the Company would proceed with Exit Offer. The Exit Offer has to be approved by a special resolution with at least 75.0% of all the Shares held by the Eligible Shareholders present and voting at the EGM before it can proceed. Thus, the success of the Exit Offer rests on the decisions of the independent Eligible Shareholders, as well as the Singapore court's approval.

8.7.2 Likelihood of Competing Offers Is Low

As at the Latest Practicable Date, the Non-Participating Shareholders' own 280,297,500 Shares, or 65.50% of the total number of Shares (excluding treasury shares).

Upon completion of the Exit Offer, the Non-Participating Shareholders will collectively hold the remaining 280,297,500 Shares that are not cancelled, representing the entire equity share capital of the Company.

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The Directors have confirmed that, as at the Latest Practicable Date, no alternative offer or proposal from any third party has been received for the shares of the Company. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

Based on the above, the likelihood of competing offers is low.

8.7.3 Non-Participating Shareholders' Intention for the Company

Upon completion of the Exit Offer, the Non-Participating Shareholders will collectively hold the remaining 280,297,500 Shares that are not cancelled, representing the entire equity share capital of the Company. The Company would also be delisted from the SGX-ST.

The Non-Participating Shareholders currently intend for the Company to continue with its existing business activities and have no intention to (i) introduce any major changes to the business of the Company, (ii) re-deploy the Company's fixed assets, or (iii) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business.

Nonetheless, the Non-Participating Shareholders retain the flexibility at any time to consider any options or opportunities in relation to the Group which may present themselves and which the Non-Participating Shareholders regard to be in the interests of the Group.

8.7.4 Outlook of the Group

We have noted that based on the Group's FY2023 results announcement released on 27 February 2024, the Group had provided its views on the industry in which it is operating. We have reproduced the extracts of its views in italics below:

"Moving forward, management continues to expect growth headwinds for our China market as uncertainties such as stock market volatility and challenges in the property sector continue to weigh on consumer sentiments and cloud consumers' outlook, leading to heightened propensity for consumers to save rather than spend.

Economic volatility, supply chain disruptions, and changing consumer behavior are also factors that could impact consumer demand, production, and profitability for the Group's direct selling segment. 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 include the following:

- The Group maintains cash balances in United States Dollars and conducts procurement in that currency. As at 31 December 2023, the Group holds approximately US\$67.6 million. Any fluctuation of the United States Dollar relative to the Singapore Dollar will have an effect on the Group's profitability;*

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- *Due to the sizeable contribution of the Chinese market to the Group, the profitability of the Group would be negatively impacted should the local government decide to reduce or remove certain incentives currently enjoyed by the Group's China subsidiary;*
- *The Group periodically bears professional expenses related to services which include but are not limited to, evaluating M&A targets, managing corporate actions, handling registrations, enforcing intellectual property rights across different markets, and staying informed about various regulations applicable to the Group;*
- *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;*
- *As the Group's operations expand in terms of scale, complexity, and geographical reach, it will continue to recruit talent, which will lead to higher management and staff costs. Additionally, increased expenses and depreciation are anticipated due to the relocation or refurbishment of specific Regional Centers; and*
- *The Group's exposure to fluctuating currency exchange rates in the key markets where it operates against the Singapore Dollar could have both positive and negative effects on the Group's bottom-line. To address this, management will closely monitor the situation and take necessary measures to mitigate associated 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, etc. Additionally, the evolving definitions of beauty, sustainability concerns, and changing shopping behaviors may influence consumer preferences and spending patterns, with potential impact to the Group's business."

We observed that the Company expressed concerns regarding the Chinese market. As stated in Paragraph 8.2 above, the Group's presence in the Chinese market has significantly contributed to its financial performance over the past six fiscal years, accounting for a substantial portion of the Group's total revenue, ranging from 43.17% to 61.32%. As demonstrated by the aforementioned financial performance, the Group's revenues and profitability have been adversely affected by uncertainties prevailing in the Chinese market. Additionally, ECA has sighted several historical data points suggesting that between FY2022 and FY2023, the decline in revenue from China was primarily attributable to reduced volume, average selling price, and foreign currency exchange losses due to the depreciation of the Chinese Yuan against the Singapore Dollar. Therefore, any slowdown in the Chinese market would likely have an impact on the Company's financials moving forward.

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9. OPINION

In arriving at our opinion on the financial terms of the Exit Offer, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

(a) Market Quotation and Trading Liquidity of the Shares;

- (i) The Final Exit Offer Price represents a premium of approximately 44.63% over the VWAP of the Shares of S\$1.77 on 21 March 2024, being the last full day of trading of the Shares prior to the Delisting Update Announcement.
- (ii) The Final Exit Offer Price represents a premium of approximately 47.13% and 46.29% over the VWAP of the Shares for 1-month and 3-month periods prior to the release of the Delisting Update Announcement, respectively.
- (iii) The Final Exit Offer Price represents a premium of approximately 48.84% and 36.90% over the VWAP of the Shares for 6-month and 1-year periods prior to the release of the Delisting Update Announcement, respectively.
- (iv) Over the 1-year period prior to the release of the Delisting Update Announcement, the Shares have traded between a low of S\$1.47 and a high of S\$2.50. The Final Exit Offer Price represents a premium of S\$1.09 (or 74.15%) above the lowest transacted price and a premium of \$0.06 (or 2.40%) above the highest transacted price of the Shares of \$2.50.
- (v) The Final Exit Offer Price represents a premium of approximately 24.88% over the VWAP of the Shares of S\$2.05 for the period after the Delisting Update Announcement and up to 3 April 2024, being the last full day of trading of the Shares prior to the Offer Announcement.
- (vi) The Final Exit Offer Price represents a premium of approximately 14.80% over the VWAP of the Shares of S\$2.23 on 3 April 2024, being the last full day of trading of the Shares prior to the Offer Announcement.
- (vii) The Final Exit Offer Price represents a premium of approximately 4.07% over the VWAP of the Shares of S\$2.46 for the period after the Offer Announcement and up to 24 May 2024, being the last full day of trading of the Shares prior to the Final Offer Announcement.
- (viii) The Final Exit Offer Price represents a premium of approximately 2.81% over the VWAP of the Shares of S\$2.49 on 24 May 2024, being the last full day of trading of the Shares prior to the Final Offer Announcement.
- (ix) The Final Exit Offer Price represents a premium of approximately 2.81% over the VWAP of the Shares of S\$2.49 for the period after the Final Offer Announcement and up to the Latest Practicable Date.

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- (x) For the period after the release of the Final Offer Announcement to the Latest Practicable Date, the Shares have traded between a low of S\$2.48 and a high of S\$2.50. The Final Exit Offer Price represents a premium of S\$0.08 (or 3.23%) above the lowest transacted price and a premium of S\$0.06 (or 2.40%) above the highest transacted price of the Shares. The Shares have traded below the Final Exit Offer Price on 15 out of 15 market days from the Final Offer Announcement to the Latest Practicable Date.
- (xi) The Shares were closed below the Final Exit Offer Price at S\$2.49 on 14 June 2024, being the Latest Practicable Date.
- (xii) Over the 1-year period prior to the release of the Delisting Update Announcement, the Shares were traded on 253 days out of a total of 253 market days. The average daily trading volume of the Shares for the 1-month, 3-month, 6-month, and 12-month periods up to and including the day prior to the release of the Delisting Update Announcement represent 0.30%, 0.21%, 0.20% and 0.31% of the free float of the Shares respectively.
- (xiii) For the period after the Delisting Update Announcement and up to 3 April 2024, being the last full day of trading of the Shares prior to the Offer Announcement, the average daily trading volume on the Shares was approximately 1,613,771 Shares, representing 1.27% of the free float of the Shares.
- (xiv) For the period after the Offer Announcement and up to 24 May 2024, being the last full day of trading of the Shares prior to the Final Offer Announcement, the average daily trading volume on the Shares was approximately 977,671 Shares, representing 0.77% of the free float of the Shares.
- (xv) For the period after the Final Offer Announcement and up to the Latest Practicable Date, the average daily trading volume on the Shares was approximately 538,840 Shares, representing 0.42% of the free float of the Shares.

(b) Historical Financial Performance, Position and Cash Flows of the Group;

- (i) The Group's China market has been a notable and sizeable contributor to the Group's financial performance in the past six financial years, contributing 43.17% to 61.32% of the Group's revenue. As evidenced by the financial performance of the Group above, the revenues and profitability of the Group are negatively impacted by the uncertainties in the China market.
- (ii) Over the past three financial years, a decrease in net cash generated from operating activities is evident due to a fall in the revenues generated by the Group. While the financial performance and position of the Group are still strong and healthy, declines and weaknesses in revenues and net cash from operating activities can be observed.

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(c) Comparison of Valuation Ratios of Selected Companies which are broadly comparable to the Group;

- (i) The PE ratio of the Group of 9.10 times implied by the Final Exit Offer Price is within the range of the PE ratios of the Comparable Companies but below the mean and median PE ratios of the Comparable Companies of 10.53 times and 10.41 times, respectively.
- (ii) The P/ANAV ratio of the Group of 1.88 times implied by the Final Exit Offer Price is within the range of the P/NAV ratios of the Comparable Companies and above the mean and median P/NAV ratio of the Comparable Companies of 1.53 times and 1.77 times, respectively.
- (iii) The PS ratio of the Group of 2.13 times implied by the Final Exit Offer Price is close to the top end of the range of the PS ratios of the Comparable Companies and above the mean and median PS ratios of the Comparable Companies of 0.90 times and 0.82 times, respectively.
- (iv) The EV/EBITDA ratio of the Group of 3.04 times is below the range of EV/EBITDA ratios of the Comparable Companies and below the mean and median EV/EBITDA ratios of the Comparable Companies of 6.02 times and 6.21 times, respectively.

(d) Comparison with recently completed Privatisation Transactions on the SGX-ST

- (i) The premia implied by the Final Exit Offer Price of 46.29% over the last transacted price of the Shares prior to the Delisting Update Announcement is within the range of the corresponding premia of the Privatisation Transactions and above the mean and median of the corresponding premia of the Privatisation Transactions.
- (ii) The premia implied by the Final Exit Offer Price of 47.13% over the VWAPs for the 1-month period prior to the Delisting Update Announcement is within the range of the corresponding premia of the Privatisation Transactions and above the mean and median of the corresponding premia of the Privatisation Transactions.
- (iii) The premia implied by the Final Exit Offer Price of 46.29% over the VWAPs for the 3-month period prior to the Delisting Update Announcement Date is within the range and above the mean and median of the corresponding premia of the Privatisation Transactions.
- (iv) The premia implied by the Final Exit Offer Price of 48.84% to the VWAPs for the 6-month period prior to the Delisting Update Announcement Date is within the range of the corresponding premia of the Privatisation Transactions and above the mean and median of the corresponding premia of the Privatisation Transactions.

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(v) The P/ANAV ratio of the Group of 1.88 times as implied by the Final Exit Offer Price, is within the range of P/NAV or P/RNAV ratios of the Privatisation Transactions and above the mean and median P/NAV or P/RNAV ratios of the Privatisation Transactions.

(e) Dividend Track Record of the Company;

(f) Estimated Range Of Values of the Securities; and

Based on ECA's own estimates and computations, the estimated value of the Shares ranges between S\$1.36 to S\$2.69 for each Share. The Final Exit Offer Price is within the fourth quartile range of the estimated value of the Shares.

We wish to reiterate that ECA's own estimates and computations are theoretical and do not imply that the Shares should trade within such range.

(g) Other Relevant Considerations:

(i) Result of the Exit Offer in the hands of Eligible Shareholders;

(ii) Likelihood of Competing Offers Is Low;

(iii) Non-Participating Shareholders' Intention for the Company; and

(iv) Outlook of the Group.

We observed that the Company expressed concerns regarding the Chinese market. As stated in Paragraph 8.2 above, the Group's presence in the Chinese market has significantly contributed to its financial performance over the past six fiscal years, accounting for a substantial portion of the Group's total revenue, ranging from 43.17% to 61.32%. As demonstrated by the aforementioned financial performance, the Group's revenues and profitability have been adversely affected by uncertainties prevailing in the Chinese market. Additionally, ECA has sighted several historical data points suggesting that between FY2022 and FY2023, the decline in revenue from China was primarily attributable to reduced volume, average selling price, and foreign currency exchange losses due to the depreciation of the Chinese Yuan against the Singapore Dollar. Therefore, any slowdown in the Chinese market would likely have an impact on the Company's financials moving forward.

Having considered the various factors set out in the earlier sections of this Letter and summarised below, we are of the opinion that the financial terms of the Exit Offer are fair and reasonable.

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We consider the financial terms of the Exit Offer to be FAIR after taking into consideration the following factors:

- With regard to the share price performance of the Company for the Period Under Review:
 - (i) The Final Exit Offer Price represents a premium of approximately 44.63% over the VWAP of the Shares of S\$1.77 on 21 March 2024, being the last full day of trading of the Shares prior to the Delisting Update Announcement.
 - (ii) The Final Exit Offer Price represents a premium of approximately 47.13% and 46.29% over the VWAP of the Shares for 1-month and 3-month periods prior to the release of the Delisting Update Announcement, respectively.
 - (iii) The Final Exit Offer Price represents a premium of approximately 48.84% and 36.90% over the VWAP of the Shares for 6-month and 1-year periods prior to the release of the Delisting Update Announcement, respectively.
 - (iv) Over the 1-year period prior to the release of the Delisting Update Announcement, the Shares have traded between a low of S\$1.47 and a high of S\$2.50. The Final Exit Offer Price represents a premium of S\$1.09 (or 74.15%) above the lowest transacted price and a premium of \$0.06 (or 2.40%) above the highest transacted price of the Shares of \$2.50.
 - (v) The Final Exit Offer Price represents a premium of approximately 24.88% over the VWAP of the Shares of S\$2.05 for the period after the Delisting Update Announcement and up to 3 April 2024, being the last full day of trading of the Shares prior to the Offer Announcement.
 - (vi) The Final Exit Offer Price represents a premium of approximately 14.80% over the VWAP of the Shares of S\$2.23 on 3 April 2024, being the last full day of trading of the Shares prior to the Offer Announcement.
 - (vii) The Final Exit Offer Price represents a premium of approximately 4.07% over the VWAP of the Shares of S\$2.46 for the period after the Offer Announcement and up to 24 May 2024, being the last full day of trading of the Shares prior to the Final Offer Announcement.
 - (viii) The Final Exit Offer Price represents a premium of approximately 2.81% over the VWAP of the Shares of S\$2.49 on 24 May 2024, being the last full day of trading of the Shares prior to the Final Offer Announcement.
 - (ix) The Final Exit Offer Price represents a premium of approximately 2.81% over the VWAP of the Shares of S\$2.49 for the period after the Final Offer Announcement and up to the Latest Practicable Date.
 - (x) For the period after the release of the Final Offer Announcement to the Latest Practicable Date, the Shares have traded between a low of S\$2.48 and a high of S\$2.50. The Final Exit Offer Price represents a premium of S\$0.08 (or 3.23%) above the lowest transacted price and a premium of S\$0.06 (or 2.40%) above the highest transacted price of the Shares. The Shares have traded below the Final Exit Offer Price on 15 out of 15 market days from the Final Offer Announcement to the Latest Practicable Date.

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- (xi) The Shares were closed below the Final Exit Offer Price at S\$2.49 on 14 June 2024, being the Latest Practicable Date.
- With regard to the Valuation Ratios of the Comparable Companies:
 - (i) The P/ANAV ratio of the Group of 1.88 times implied by the Final Exit Offer Price is within the range of the P/NAV ratios of the Comparable Companies and above the mean and median P/NAV ratio of the Comparable Companies of 1.53 times and 1.77 times, respectively.
 - (ii) The PS ratio of the Group of 2.13 times implied by the Final Exit Offer Price is close to the top end of the range of the PS ratios of the Comparable Companies and above the mean and median PS ratios of the Comparable Companies of 0.90 times and 0.82 times, respectively.
 - (iii) The PE and EV/EBITDA ratios were excluded from the factors taken into consideration in determining the fairness of the financial terms of the Exit Offer due to disparities in earnings among the various stock indices on which the Comparable Companies are traded. Notwithstanding the exclusion of the PE and EV/EBITDA ratios, the IFA would like to clarify that in assessing the financial terms of the Exit Offer, both the PE and EV/EBITDA ratios of the Comparable Companies have been adequately considered and analysed as detailed in Sections 8.3 and 9(c) of the Letter.
- With regard to the precedent Privatisation Transactions:
 - (i) The premia implied by the Final Exit Offer Price of 46.29% over the last transacted price of the Shares prior to the Delisting Update Announcement is within the range of the corresponding premia of the Privatisation Transactions and above the mean and median of the corresponding premia of the Privatisation Transactions.
 - (ii) The premia implied by the Final Exit Offer Price of 47.13% over the VWAPs for the 1-month period prior to the Delisting Update Announcement is within the range of the corresponding premia of the Privatisation Transactions and above the mean and median of the corresponding premia of the Privatisation Transactions.
 - (iii) The premia implied by the Final Exit Offer Price of 46.29% over the VWAPs for the 3-month period prior to the Delisting Update Announcement Date is within the range and above the mean and median of the corresponding premia of the Privatisation Transactions.
 - (iv) The premia implied by the Final Exit Offer Price of 48.84% to the VWAPs for the 6-month period prior to the Delisting Update Announcement Date is within the range of the corresponding premia of the Privatisation Transactions and above the mean and median of the corresponding premia of the Privatisation Transactions.

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- (v) The P/ANAV ratio of the Group of 1.88 times as implied by the Final Exit Offer Price, is within the range of P/NAV or P/RNAV ratios of the Privatisation Transactions and above the mean and median P/NAV or P/RNAV ratios of the Privatisation Transactions.
- Based on ECA's own estimates and computations, the estimated value of the Shares ranges between S\$1.36 to S\$2.69 for each Share. The Final Exit Offer Price is within the fourth quartile range of the estimated value of the Shares. **We wish to reiterate that ECA's own estimates and computations are theoretical and do not imply that the Shares should trade within such range.**

We consider the financial terms of the Exit Offer to be REASONABLE after taking into consideration the following factors:

- With regard to the trading liquidity of the Shares:
 - (i) Over the 1-year period prior to the release of the Delisting Update Announcement, the Shares were traded on 253 days out of a total of 253 market days. The average daily trading volume of the Shares for the 1-month, 3-month, 6-month, and 12-month periods up to and including the day prior to the release of the Delisting Update Announcement represent 0.30%, 0.21%, 0.20% and 0.31% of the free float of the Shares respectively.
 - (ii) For the period after the Delisting Update Announcement and up to 3 April 2024, being the last full day of trading of the Shares prior to the Offer Announcement, the average daily trading volume on the Shares was approximately 1,613,771 Shares, representing 1.27% of the free float of the Shares.
 - (iii) For the period after the Offer Announcement and up to 24 May 2024, being the last full day of trading of the Shares prior to the Final Offer Announcement, the average daily trading volume on the Shares was approximately 977,671 Shares, representing 0.77% of the free float of the Shares.
 - (iv) For the period after the Final Offer Announcement and up to the Latest Practicable Date, the average daily trading volume on the Shares was approximately 538,840 Shares, representing 0.42% of the free float of the Shares.
- We observed that the Company expressed concerns regarding the Chinese market. As stated in Paragraph 8.2 above, the Group's presence in the Chinese market has significantly contributed to its financial performance over the past six fiscal years, accounting for a substantial portion of the Group's total revenue, ranging from 43.17% to 61.32%. As demonstrated by the aforementioned financial performance, the Group's revenues and profitability have been adversely affected by uncertainties prevailing in the Chinese market. Additionally, ECA has sighted several historical data points suggesting that between FY2022 and FY2023, the decline in revenue from China was primarily attributable to reduced volume, average selling price, and foreign currency exchange losses due to the depreciation of the Chinese Yuan against the Singapore Dollar. Therefore, any slowdown in the Chinese market would likely have an impact on the Company's financials moving forward.

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- The probability of receiving competing offers is low. Therefore, the Exit Offer provides an opportunity for Eligible Shareholders who may find it difficult to exit their investment in the Company at a fair market price due to low trading liquidity.
- The intentions of Non-Participating Shareholders regarding the Company, including its future plans, as outlined in Paragraph 10 of the Circular.

Accordingly, we advise the Recommending Directors to recommend that Shareholders VOTE IN FAVOUR of the Selective Capital Reduction. Should Shareholders wish to realise their investments in the Company, they can also choose to sell their Shares in the open market at a price equivalent to or higher than the Final Exit Offer Price (after deducting transaction costs).

We have prepared this Letter as required under Rule 1309(2) of the Listing Manual, as well as addressed to the Recommending Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Exit Offer. The recommendation made by the Recommending Directors to the Shareholders in relation to the Exit Offer shall remain the sole responsibility of the Recommending Directors.

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ECA in each specific case except for in connection with the proposed Exit Offer by way of a proposed Selective Capital Reduction.

This Letter is governed by and construed in accordance with the laws of Singapore, is strictly limited to the matters stated herein, and does not apply by implication to any other matter.

Yours faithfully

For and on behalf of

EVOLVE CAPITAL ADVISORY PRIVATE LIMITED

Chua Hiang Hwee
Chief Executive Officer and Managing Partner

Lay Shi Wei
Vice President

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**APPENDIX B
DISCLOSURES OF SHAREHOLDINGS AND DEALINGS IN
RELEVANT SECURITIES**

1. HOLDINGS OF RELEVANT SECURITIES

1.1 As at the Latest Practicable Date, the interests in Shares held by the Non-Participating Shareholders and their concert parties are set out below:

Name	Number of Ordinary Shares				
	Direct Interest	%	Deemed Interest	%	Total Interest (%)
D2 Investment Pte. Ltd.	192,787,500	45.05	–	–	45.05
Dora Hoan Beng Mui	32,330,000	7.56	193,037,500 ⁽¹⁾	45.11	52.67
Doreen Tan Nee Moi	31,380,000 ⁽²⁾	7.33	193,037,500 ⁽³⁾	45.11	52.44
Huang Ban Chin	23,300,000	5.45	–	–	5.45
Li Lihui	250,000	0.06	–	–	0.06
Pek Jia Rong	250,000	0.06	–	–	0.06
Corrine Tang Fong Ming ⁽⁴⁾	155,624	0.04	–	–	0.04
Huan Beng Lian ⁽⁵⁾	113,500	0.03	–	–	0.03
Huan Beng Choon ⁽⁶⁾	85,000	0.02	–	–	0.02
Hoan Beng Hua ⁽⁷⁾	65,000	0.02	–	–	0.02
Koh Sin Long ⁽⁸⁾	50,000	0.01	–	–	0.01
Fan Kaiyang ⁽⁹⁾	21,000	0.005	–	–	0.005
Pek Lu Pin Patsy ⁽¹⁰⁾	70,000	0.02	–	–	0.02

Save as disclosed above, neither the Non-Participating Shareholders nor their concert parties hold any other Relevant Securities.

APPENDIX B
DISCLOSURES OF SHAREHOLDINGS AND DEALINGS IN
RELEVANT SECURITIES

- 1.2 As at the Latest Practicable Date, the interests in Shares held by the Directors of the Company are set out below:

Directors	Number of Ordinary Shares				
	Direct Interest	%	Deemed Interest	%	Total Interest (%)
Dora Hoan Beng Mui	32,330,000	7.56	193,037,500 ⁽¹⁾	45.11	52.67
Doreen Tan Nee Moi	31,380,000 ⁽²⁾	7.33	193,037,500 ⁽³⁾	45.11	52.44
Huang Ban Chin	23,300,000	5.45	–	–	5.45
Li Lihui	250,000	0.06	–	–	0.06
Lee Sen Choon	207,500	0.05	–	–	0.05
Adrian Chan Pengee	–	–	–	–	–
Chester Fong Po Wai	–	–	–	–	–
Pek Wei Liang	–	–	–	–	–

Save as disclosed above, none of the Directors hold any other Relevant Securities.

Notes:

- (1) Dora Hoan Beng Mui holds approximately 50.00% of the issued and paid-up share capital of D2 Investment Pte. Ltd.. Accordingly, she is deemed to be interested in 192,787,500 Shares representing 44.79% of the issued and paid-up share capital of the Company pursuant to Section 7(4) of the Companies Act. In addition, she is deemed to be interested in the 250,000 Shares held by her daughter, Li Lihui.
- (2) Held in the name of Bank Julius Baer & Co. Ltd.
- (3) Doreen Tan Nee Moi holds approximately 50.00% of the issued and paid-up share capital of D2 Investment Pte. Ltd.. Accordingly, she is deemed to be interested in 192,787,500 Shares representing 44.79% of the issued and paid-up share capital of the Company pursuant to Section 7(4) of the Companies Act. In addition, she is deemed to be interested in the 250,000 Shares held by her daughter, Pek Jia Rong.
- (4) Corrine Tang Fong Ming is the niece of Non-Participating Shareholder Dora Hoan Beng Mui and is presumed to be acting in concert with Dora Hoan Beng Mui.
- (5) Huan Beng Lian is the sibling of Non-Participating Shareholder Dora Hoan Beng Mui and is presumed to be acting in concert with Dora Hoan Beng Mui.
- (6) Huan Beng Choon is the sibling of Non-Participating Shareholder Dora Hoan Beng Mui and is presumed to be acting in concert with Dora Hoan Beng Mui.
- (7) Hoan Beng Hua is the sibling of Non-Participating Shareholder Dora Hoan Beng Mui and is presumed to be acting in concert with Dora Hoan Beng Mui.
- (8) Koh Sin Long is the nephew of Non-Participating Shareholder Dora Hoan Beng Mui and is presumed to be acting in concert with Dora Hoan Beng Mui.
- (9) Fan Kaiyang is the nephew of Non-Participating Shareholder Dora Hoan Beng Mui and is presumed to be acting in concert with Dora Hoan Beng Mui.
- (10) Pek Lu Pin Patsy is the daughter of Non-Participating Shareholder Doreen Tan Nee Moi and is presumed to be acting in concert with Doreen Tan Nee Moi.

**APPENDIX B
DISCLOSURES OF SHAREHOLDINGS AND DEALINGS IN
RELEVANT SECURITIES**

2. DEALINGS IN THE RELEVANT SECURITIES

Save as disclosed below, during the period commencing 3 months prior to the Delisting Update Announcement Date and ending on the Latest Practicable Date, none of the Non-Participating Shareholders nor their concert parties has dealt for value in the Relevant Securities.

Name	Date of Transaction	Number of Shares Bought	Number of Shares Sold	Transaction Price Per Share (S\$)
Corrine Tang Fong Ming ⁽¹⁾	3 January 2024	50,000	–	1.72
	30 January 2024	40,000	–	1.71
	5 February 2024	15,000	–	1.71
	7 February 2024	5,000	–	1.72
	21 February 2024	40,600	–	1.78
	22 February 2024	135,800	–	1.80
	23 February 2024	23,600	–	1.79
	28 February 2024	130,000	–	1.74
	8 April 2024	–	40,000	2.44
	9 April 2024	–	72,400	2.45
	12 April 2024	–	91,600	2.47
	15 April 2024	–	86,000	2.49
	17 April 2024	–	50,000	2.48

**APPENDIX B
DISCLOSURES OF SHAREHOLDINGS AND DEALINGS IN
RELEVANT SECURITIES**

Name	Date of Transaction	Number of Shares Bought	Number of Shares Sold	Transaction Price Per Share (S\$)
Tang Boon Leong ⁽²⁾	26 December 2023	14,400	–	1.69
	27 December 2023	5,600	–	1.72
	3 January 2024	–	10,000	1.73
	5 January 2024	4,600	–	1.71
	10 January 2024	–	4,600	1.74
	11 January 2024	–	73,500	1.78
	16 January 2024	–	16,500	1.82
	18 January 2024	13,900	–	1.81
	18 January 2024	6,100	–	1.80
	19 January 2024	5,400	–	1.79
	24 January 2024	41,300	–	1.76
	25 January 2024	3,300	–	1.73
	26 January 2024	8,000	–	1.73
	29 January 2024	20,100	–	1.72
	30 January 2024	10,000	–	1.71
	7 March 2024	47,800	–	1.65
	14 March 2024	–	120,000	1.78
	20 March 2024	90,000	–	1.76
	22 March 2024	25,100	–	1.72
	1 April 2024	–	175,100	1.93
	2 April 2024	–	80,000	2.01
	3 April 2024	–	100,000	2.09
	4 April 2024	–	50,000	2.17
	5 April 2024	–	80,200	2.24
	12 April 2024	20,000	–	2.41
	12 April 2024	250,000	–	2.42
17 April 2024	–	20,000	2.47	
18 April 2024	–	230,000	2.48	
19 April 2024	–	20,000	2.48	

**APPENDIX B
DISCLOSURES OF SHAREHOLDINGS AND DEALINGS IN
RELEVANT SECURITIES**

Name	Date of Transaction	Number of Shares Bought	Number of Shares Sold	Transaction Price Per Share (S\$)
Huan Beng Lian ⁽³⁾	23 January 2024	5,000	–	1.71
	1 March 2024	5,000	–	1.67
	15 March 2024	20,000	–	1.72
	19 March 2024	10,000	–	1.74
Koh Sin Long ⁽⁴⁾	28 December 2023	31,100	–	1.72
	29 December 2023	18,900	–	1.73
	31 January 2024	5,000	–	1.69
	16 April 2024	–	14,800	2.48

Notes:

- (1) Corrine Tang Fong Ming is the niece of Non-Participating Shareholder Dora Hoan Beng Mui and is presumed to be acting in concert with Dora Hoan Beng Mui.
- (2) Tang Boon Leong is the nephew of Non-Participating Shareholder Dora Hoan Beng Mui and is presumed to be acting in concert with Dora Hoan Beng Mui. As at the Latest Practicable Date, Tang Boon Leong does not hold any Shares in the Company.
- (3) Huan Beng Lian is the sibling of Non-Participating Shareholder Dora Hoan Beng Mui and is presumed to be acting in concert with Dora Hoan Beng Mui.
- (4) Koh Sin Long is the nephew of Non-Participating Shareholder Dora Hoan Beng Mui and is presumed to be acting in concert with Dora Hoan Beng Mui.

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APPENDIX C

GENERAL INFORMATION ON THE NON-PARTICIPATING SHAREHOLDERS

1. DISCLOSURE OF INTERESTS

1.1 No Agreement having any Connection with or Dependence upon the Exit Offer

As at the Latest Practicable Date, there is no agreement, arrangement or understanding between (a) the Non-Participating Shareholder and/or their concert parties; and (b) any of the current or recent Directors of the Company or any of the current or recent Shareholders having any connection with or dependence upon the Exit Offer.

1.2 Transfer of Shares

The Shares held by the Eligible Shareholders will be cancelled pursuant to the Selective Capital Reduction. The Non-Participating Shareholder reserves the right to transfer any Shares to any of their related corporations (within the meaning of Section 6 of the Companies Act) or for the purpose of granting security in favour of financial institutions which have extended or shall extend credit facilities to them.

1.3 No Payment or Benefit to Directors of the Company

As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any Director or a director of a related corporation (within the meaning of Section 6 of the Companies Act) of the Company as compensation for loss of office or otherwise in connection with the Exit Offer.

1.4 No Agreement Conditional upon Outcome of the Exit Offer

As at the Latest Practicable Date, there is no agreement, arrangement or understanding between (a) the Non-Participating Shareholders; and (b) any of the Directors or any other person in connection with or conditional upon the outcome of the Exit Offer or otherwise in connection with the Exit Offer.

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APPENDIX D ADDITIONAL INFORMATION ON THE COMPANY

1. DIRECTORS

- 1.1 The names, addresses, and description of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Designation
Dora Hoan Beng Mui	c/o 20 Pasir Panjang Road, #08-28 Mapletree Business City, Singapore 117439	Co-Chairman, Group CEO/Managing Director
Doreen Tan Nee Moi	c/o 20 Pasir Panjang Road, #08-28 Mapletree Business City, Singapore 117439	Co-Chairman, President
Huang Ban Chin	c/o 20 Pasir Panjang Road, #08-28 Mapletree Business City, Singapore 117439	Chief Operating Officer and Executive Director
Adrian Chan Pengee	c/o 20 Pasir Panjang Road, #08-28 Mapletree Business City, Singapore 117439	Non-Executive and Lead Independent Director
Chester Fong Po Wai	c/o 20 Pasir Panjang Road, #08-28 Mapletree Business City, Singapore 117439	Non-Executive and Independent Director
Lee Sen Choon	c/o 20 Pasir Panjang Road, #08-28 Mapletree Business City, Singapore 117439	Non-Executive and Non-Independent Director
Li Lihui	c/o 20 Pasir Panjang Road, #08-28 Mapletree Business City, Singapore 117439	Alternate Director to Dora Hoan Beng Mui
Pek Wei Liang	c/o 20 Pasir Panjang Road, #08-28 Mapletree Business City, Singapore 117439	Alternate Director to Doreen Tan Nee Moi

2. PRINCIPAL ACTIVITIES

The Company's principal activity is in investment holding. The Company is involved in the business of the distribution of nutritional supplement products, personal care products and healthcare equipment.

3. REGISTERED OFFICE

The registered office of the Company is at 20 Pasir Panjang Road, #08-28 Mapletree Business City, Singapore 117439.

4. SHARE CAPITAL OF THE COMPANY

- 4.1 The Company has an issued and fully paid-up share capital of S\$2,343,403 (excluding treasury shares) comprising 427,915,393 Shares. The Company holds 23,097,600 treasury shares and there are no instruments convertible into Shares, or any options, rights or warrants for the issuance of any new Shares, outstanding.

APPENDIX D ADDITIONAL INFORMATION ON THE COMPANY

- 4.2 As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2023, being the end of the last financial year of the Company.
- 4.3 As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of Shares or securities which carry voting rights affecting Shares.
- 4.4 The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. For the ease of reference, selected texts of the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been reproduced in **Appendix E** to this Circular.
- 4.5 The Constitution does not contain any restrictions on the right to transfer Shares, which has the effect of requiring holders of such Shares, before transferring them, to offer them for purchase to members of the Company or to any person.
- 4.6 Particulars of purchases of Relevant Securities made by the Company during the period commencing 3 months prior to the Delisting Update Announcement Date and ending on the Latest Practicable Date are as follows:

Date of purchase	Total number of Shares purchased	Price paid for each Share (S\$)	Total consideration (including stamp duties, clearing charges etc.) paid or payable for Shares (S\$)
15 April 2024	2,530,000	2.47	6,274,059.30

5. DISCLOSURE OF INTERESTS

5.1 Interests of the Company in Non-Participating Shareholders' Shares

As at the Latest Practicable Date, the Company does not have any direct or deemed interests in Non-Participating Shareholders' Shares.

5.2 Dealings in Non-Participating Shareholders' Shares by the Company

The Company has not dealt for value in any Non-Participating Shareholder's Securities during the period commencing 3 months prior to the Delisting Update Announcement Date and ending on the Latest Practicable Date.

5.3 Interests of Directors in Non-Participating Shareholders' Shares

As at the Latest Practicable Date, save as disclosed in **Appendix B** to this Circular, none of the Directors have any direct or deemed interests in the Non-Participating Shareholders' Shares.

5.4 Dealings in Non-Participating Shareholders' Shares by the Directors

None of the Directors have dealt for value in any Non-Participating Shareholders' Shares during the period commencing 3 months prior to the Delisting Update Announcement Date and ending on the Latest Practicable Date.

APPENDIX D ADDITIONAL INFORMATION ON THE COMPANY

5.5 Interests of Directors in Relevant Securities

As at the Latest Practicable Date, save as disclosed in **Appendix B** to this Circular, none of the Directors have any direct or deemed interests in the Relevant Securities.

5.6 Dealings in Relevant Securities by the Directors

None of the Directors have dealt for value in any Relevant Securities during the period commencing 3 months prior to the Delisting Update Announcement Date and ending on the Latest Practicable Date.

5.7 Interests of the Financial Adviser in Relevant Securities

As at the Latest Practicable Date, none of the Financial Adviser or its related corporations owns or controls any Relevant Securities.

5.8 Dealings in Relevant Securities by the Financial Adviser

None of the Financial Adviser or its related corporations have dealt for value in any Relevant Securities during the period commencing 3 months prior to the Delisting Update Announcement Date and ending on the Latest Practicable Date.

5.9 Interests of the IFA in Relevant Securities

As at the Latest Practicable Date, none of the IFA or its related corporations owns or controls any Relevant Securities.

5.10 Dealings in Relevant Securities by the IFA

None of IFA or its related corporations have dealt for value in any Relevant Securities during the period commencing 3 months prior to the Delisting Update Announcement Date and ending on the Latest Practicable Date.

5.11 Intentions of the Directors in respect of their Shares

As at the Latest Practicable Date, save for the Directors disclosed in **Appendix B** to this Circular, none of the Directors hold any Shares. The Abstaining Directors disclosed in **Appendix B** to this Circular, namely Dora Hoan Beng Mui; Doreen Tan Nee Moi; Huang Ban Chin; and Li Lihui, who hold interests in Shares will abstain from voting on the Resolutions at the EGM.

6. OTHER DISCLOSURES

6.1 Directors' Service Contracts

6.1.1 As at the Latest Practicable Date, there are no service contracts between any of the Directors or proposed directors with the Company or any of its subsidiaries which have more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation.

APPENDIX D ADDITIONAL INFORMATION ON THE COMPANY

6.1.2 There are no such service contracts entered into or amended between any of the Directors or proposed directors with the Company or any of its subsidiaries (other than those entered into in the ordinary course of business) during the period commencing 6 months prior to the Delisting Update Announcement Date and ending on the Latest Practicable Date.

6.2 No Payment or Benefit to the Directors

As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Exit Offer.

6.3 No Agreement Conditional upon Outcome of Exit Offer

As at the Latest Practicable Date, there is no agreement or arrangement made between any Director and any other person in connection with or conditional upon the outcome of the Exit Offer.

6.4 Material Contracts entered into by the Non-Participating Shareholders

As at the Latest Practicable Date, there are no material contracts entered into by the Non-Participating Shareholders in which any Director has a material personal interest, whether direct or indirect.

7. FINANCIAL INFORMATION

7.1 Set out below are certain financial information extracted from the Company's audited consolidated financial statements for FY2021, FY2022, and FY2023:

	Audited as at 31 December 2021 S\$'000	Audited as at 31 December 2022 S\$'000	Audited as at 31 December 2023 S\$'000
Turnover	580,036	557,348	514,510
Other operating income	8,794	7,762	6,932
Other (losses)/gains	7,765	(29,507)	(6,993)
Net profit before tax	212,326	188,663	168,296
Net profit attributable to Equity holders of the Company	153,694	136,259	120,370
Non-controlling interest	259	N.A.	105
Net earnings per share (S\$ cents per share)	28.25	28.82	27.74
Net dividends per share	N.A.	N.A.	N.A.

APPENDIX D ADDITIONAL INFORMATION ON THE COMPANY

7.2 Save for the FY2021 Results which contained a qualified opinion, the audited financial statements of the Group for FY2022 and FY2023 contained unqualified audit opinions from the auditors. The basis for the qualified opinion is extracted from the FY2021 Results as follows:

“(i) *Relationship with the Group’s import agents and marketing agent*

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

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

(ii) *Classification of payments to promotional companies*

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

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

APPENDIX D ADDITIONAL INFORMATION ON THE COMPANY

7.3 As at the Latest Practicable Date, a copy of the latest consolidated financial statement, the FY2023 Results, is disclosed in **Appendix F** to this Circular.

7.4 Significant Accounting Policies

The Company prepares its financial statements in accordance with the provisions of the Companies Act and the Singapore Financial Reporting Standards. The significant accounting policies of the Company are set out in **Appendix F** to this Circular.

7.5 Changes in Accounting Policies

Save as set out in publicly available information on the Group, as at the Latest Practicable Date:

7.5.1 there are no significant accounting policies or any matter from the notes of the financial statements of the Group which are of major relevance for the interpretation of the financial statements of the Group; and

7.5.2 there are no changes in the accounting policies of the Group which will cause the financial information disclosed in this Circular to not be comparable to a material extent.

8. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in this Circular, the FY2023 Results, and save for any publicly available information on the Group, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Company since 31 December 2023. Shareholders should note that the FY2023 Results are set out in **Appendix F** to this Circular.

9. MATERIAL CHANGE IN INFORMATION

Save as disclosed in this Circular and save for information relating to the Group and the Exit Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Delisting Update Announcement Date and ending on the Latest Practicable Date.

10. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Neither the Company nor any of its subsidiaries has entered into material contracts (other than those entered into in the ordinary course of business) with persons who are Interested Persons (as defined in the Note on Rule 23.12 of the Code)¹ during the period commencing three years prior to the Delisting Update Announcement Date and ending on the Latest Practicable Date.

¹ "Interested Person" is defined in the Note on Rule 23.12 of the Code as: (a) a director, chief executive officer or a Substantial Shareholder of the Company; (b) the immediate family of a director, the chief executive officer or a Substantial Shareholder (being an individual) of the Company; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a Substantial Shareholder (being an individual) and his immediate family is a beneficiary; (d) any company in which a director, the chief executive officer or a Substantial Shareholder (being an individual) and his immediate family together (directly or indirectly) have an interest of 30% or more; (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or (f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

APPENDIX D ADDITIONAL INFORMATION ON THE COMPANY

11. MATERIAL LITIGATION

Save as disclosed in this Circular and save for information relating to the Group and the Exit Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Delisting Update Announcement Date and ending on the Latest Practicable Date.

12. GENERAL

12.1 Costs and Expenses

All expenses and costs incurred by the Company in relation to the Exit Offer will be borne by the Company.

12.2 Consent of the Financial Adviser

RHT Capital Pte. Ltd. has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all the references to its name, in the form and context in which they appear in this Circular.

12.3 Consent of IFA

Evolve Capital Advisory Private Limited has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all the references to its name, its advice to the Recommending Directors set out in paragraph 15.2 of the Letter to Shareholders in this Circular and the IFA Letter set out in **Appendix A** to this Circular and all references thereto, in the form and context in which they appear in this Circular.

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APPENDIX E EXTRACTS FROM THE COMPANY'S CONSTITUTION

RIGHTS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

All capitalised terms used in the following extracts shall have the same meanings given to them in the Constitution of the Company.

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution of the Company, the relevant provisions of which are set out below:

ISSUE OF SHARES

3. (A) Subject to the applicable Statutes and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting, but subject thereto and the terms of such approval, and to Regulation 5, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and whether or not subject to the payment of any part of the amount (if any) thereof in cash or otherwise as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, provided always that:
- (a) no shares shall be issued to transfer a controlling interest in the Company without the specific prior approval of the Company in General Meeting; and
 - (b) no options shall be granted over unissued shares except in accordance with the Act.
- (B) The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.
- (C) Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be issued subject to the applicable provisions of the Statutes and of this Constitution with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.
- (D) Except as herein provided, no person shall exercise any rights or privileges of a member until he is registered in the Register of Members or (as the case may be) the Depository Register as a member and shall have paid all calls and other monies due for the time being on every share held by him.

APPENDIX E
EXTRACTS FROM THE COMPANY'S CONSTITUTION

4. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted by the applicable Statutes, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.
- (B) Notwithstanding Regulation 4(A) but subject to applicable Statutes, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution to:
- (i) issue shares (whether by way of rights, bonus or otherwise); and/or
 - (ii) make or grant Instruments; and/or
 - (iii) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,
- provided that:
- (a) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution and including shares which may be issued pursuant to any adjustment effected under any relevant Instruments) does not exceed such limit or limits and manner of calculation as may be prescribed by applicable Statutes;
 - (b) for the purpose of determining the aggregate number of shares under sub-paragraph (a) above, the percentage of total issued shares shall be based on the outstanding share capital of the Company at the time the Ordinary Resolution in general meeting is passed, after adjusting for:
 - (aa) new shares arising from the conversion or exercise of convertible securities or employee share options on issue as at the date of the passing of the Ordinary Resolution; and
 - (bb) any subsequent consolidation or sub-division of shares;

APPENDIX E EXTRACTS FROM THE COMPANY'S CONSTITUTION

- (c) in exercising the power to make or grant Instruments (including the making of any adjustment under any relevant Instrument), the Company shall comply with the applicable Statutes for the time being in force and this Constitution; and
 - (d) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the next Annual General Meeting of the Company following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).
- (C) The Company may, notwithstanding Regulations 4(A) and 4(B), authorise the Directors not to offer new shares to members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such members on such terms and conditions as the Company may direct.
- 5. The Company may exercise the power of paying commissions or brokerage in respect of subscription for shares which is conferred by the applicable Statutes to the full extent thereby permitted, provided always that the amount or rate of the commissions or brokerage paid or agreed to be paid and the number of shares to be subscribed for absolutely shall be disclosed in the manner required by the applicable Statutes, in the relevant prospectus, statement, circular or notice as the case may be. Such commissions may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.
- 6. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that share capital (except treasury shares) as is for the time being paid-up for the period and charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant, subject to the conditions and restrictions mentioned in the Act.
- 7. (A) The rights attached to shares issued upon special conditions shall be clearly defined in this Constitution and the rights attaching to shares of a class other than ordinary shares shall be expressed. Preference shares may be issued subject to such limitations thereof as may be prescribed by the applicable Designated Stock Exchange. The total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.
 - (B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

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VARIATION OF RIGHTS

8. (A) Subject to applicable Statutes, whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may only be made pursuant to a Special Resolution passed at a separate General Meeting of the holders of the shares of such class (but not otherwise), and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of this Constitution relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll, provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.
- (B) The provisions in Regulation 8(A) shall *mutatis mutandis* apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.
- (C) The rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

ALTERATION OF SHARE CAPITAL

9. The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the applicable provisions of the Act and any other relevant rule, law, regulation or guidelines enacted, promulgated or issued by any relevant competent authority (including the applicable Designated Stock Exchange (if applicable)) from time to time (hereafter, the “**Relevant Laws**”), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall be dealt with in accordance with the Relevant Laws.
10. The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such number as the resolution shall prescribe.
11. (A) Subject to applicable Statutes and this Constitution, the Company may by Ordinary Resolution:
- (a) consolidate and divide all or any of its share capital;
 - (b) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person;

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- (c) sub-divide its shares, or any of them, so however that the proportion of the amount paid to the amount unpaid (if any) on each sub-divided share is the same as on the original share from which it was derived; and the resolution whereby any share is sub-divided being otherwise permitted to determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred, qualified or other special rights, or be subject to any such restrictions, as the Company has then the authority to attach to unissued or new shares; and/or
 - (d) convert its share capital or any class of shares from one currency to another currency.
 - (B) The Company may by Special Resolution, subject to the applicable provisions of the Statutes and this Constitution, convert one class of shares into another class of shares.
- 12.
 - (A) The Company may reduce its share capital or any other undistributable reserve in any manner permitted, and with, and subject to, any incident authorised, and consent or confirmation required, by law.
 - (B) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the applicable provisions of the Statutes, on such terms and subject to such conditions as the Company may in General Meeting prescribe in accordance with the applicable Statutes. Any shares purchased or acquired by the Company as aforesaid shall be dealt with in accordance with the applicable Statutes. If required by the Act, all shares repurchased by the Company shall, unless held in treasury in accordance with the Act, be cancelled immediately upon purchase. On the cancellation of the share as aforesaid, the rights and privileges attached to those shares shall expire and the number of issued shares of the Company shall be diminished by the number of shares so cancelled. Where the shares purchased by the Company are not cancelled, the Company may hold or deal with any such shares so purchased by it in such manner as may be permitted by, and in accordance with the Act.
 - (C) The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. The rights in relation to treasury shares are to be suspended except for the purposes of bonus shares, share splits and consolidations. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

SHARE CERTIFICATES

- 13.
 - (A) Subject to the applicable provisions of the Statutes, every certificate shall be issued under the Seal (where the Company has a Seal) and shall bear the facsimile signatures or the autographic signatures at least of any two Directors or one of the Director and the Secretary or such other person as may be authorised by the Directors, and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid-up, and the amount (if any) unpaid thereon. The facsimile signatures may be reproduced by mechanical or other means

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provided the method or system of reproducing signatures has first been approved by the Directors. No certificate shall be issued representing shares of more than one class.

- (B) The provisions in this Regulation and in Regulations 14 to 17 (so far as they are applicable) shall not apply to transfer of book-entry securities.
14. (A) The Company shall not be bound to register more than three persons as joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased member.
- (B) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the joint holders shall be sufficient delivery to all.
15. Every person whose name is entered as a member in the Register of Members shall be entitled, within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the applicable Statutes from time to time) after the closing date of any application of shares or (as the case may be) the date of lodgement of a registrable transfer, to one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred.
16. (A) Where a member transfers part only of the shares comprised in a certificate or where a member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares (in the case of transfer) and the whole of such shares (in the case of sub-division) shall be issued in lieu thereof and the member shall pay (in the case of sub-division) a maximum fee of S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the applicable Designated Stock Exchange from time to time) for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the applicable Designated Stock Exchange. Where some only of the shares comprised in a share certificate are transferred, the new certificate for the balance of such shares shall be issued in lieu thereof without charge.
- (B) Any two or more certificates representing shares of any one class held by any member may at his request be cancelled and a single new certificate for such shares issued in lieu thereof without charge.
17. Subject to the applicable provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a written indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the applicable Designated Stock Exchange or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery of the old certificate, and in any case on payment of such sum not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the

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applicable Designated Stock Exchange from time to time) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to, and to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

CALLS ON SHARES

18. The Directors may from time to time make calls upon the members in respect of any monies unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.
19. Each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.
20. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest in whole or in part.
21. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In the case of non-payment, all the relevant provisions of this Constitution and the Statutes as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
22. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.
23. The Directors may if they think fit receive from any member willing to advance the same all or any part of the monies uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish *pro tanto* the liability upon the shares in respect of which it is made and upon the monies so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, whilst bearing interest, confer a right to participate in profits.

FORFEITURE AND LIEN

24. If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.

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25. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited.
26. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.
27. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposal, the forfeiture or surrender may be cancelled on such terms as the Directors shall think fit. The Directors may, if necessary, authorise some person to transfer a share so forfeited or surrendered to any such other person as aforesaid.
28. A member whose shares have been forfeited or surrendered shall cease to be a member in respect of such shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all monies which at the date of forfeiture or surrender were presently payable by him to the Company in respect of such shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of such shares at that time of forfeiture or surrender or waive payment in whole or in part.
29. The Company shall have a first and paramount lien on every share (not being a fully paid share) and dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such monies are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Regulation 29.
30. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy. Provided always that if a member shall have died or become mentally disordered and incapable of managing himself or his affairs or bankrupt and no person shall have given to the Company satisfactory proof of his right to effect a transmission of the shares held by such member the Directors may exercise such power of sale without serving any such notice.

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31. If any shares are forfeited and sold, any residue after the satisfaction of the unpaid calls, accrued interest and expenses, shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assignees, as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser.
32. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, the Depository Register) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share, or where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

33. All transfers of shares shall be effected by written instruments of transfer in the form for the time being approved by the Directors and the Designated Stock Exchange. An instrument of transfer shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided that CDP or its nominee (as the case may be) shall not be required to sign, as transferee, any instrument of transfer relating to any transfer of shares to it during such period as the Directors may think fit. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.
34. The Registers of Members and of Transfers may be closed at such times and for such periods as the Directors may from time to time determine, provided always that such Registers shall not be closed for more than thirty days in any year, and that the Company shall give prior notice of each such closure, as may be required, to the Designated Stock Exchange, stating the period and purpose or purposes for which such closure is made.
35. (A) There shall be no restriction on the transfer of fully paid-up shares (except where required by applicable Statutes) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid-up, may refuse to register a transfer to a transferee of whom they do not approve, provided always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the applicable Designated Stock Exchange from time to time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the applicable Statutes.

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- (B) The Directors may decline to register any instrument of transfer unless:
- (a) such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the applicable Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;
 - (b) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
 - (c) the instrument of transfer is in respect of only one class of shares.
36. All instruments of transfer which are registered may be retained by the Company.
37. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, provided always that:
- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
 - (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Regulation; and
 - (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

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TRANSMISSION OF SHARES

38. (A) In case of the death of a member whose name is registered in the Register of Members, the survivors or survivor, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
- (B) In the case of the death of a member who is a Depositor, the survivors or survivor, where the deceased is a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder and where such executors or administrators are entered into the Depository Register in respect of any shares to the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
- (C) Nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.
39. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may (subject as hereinafter provided), and any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members, and any person as properly has the management of the estate of a member whose name is entered in the Register of Members and who is mentally disordered and incapable of managing himself or his affairs may (subject as hereinafter provided), upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, elect either to be registered himself as holder of the share or to have another person nominated by him registered as the transferee thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer executed by such member.
40. Save as otherwise provided by or in accordance with this Constitution, a person becoming entitled to a share in consequence of the death or bankruptcy of a member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in respect of the share.
41. There shall be paid to the Company in respect of the registration of any probate or letters of administration or certificate of death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the applicable Designated Stock Exchange from time to time) as the Directors may from time to time require.

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CENTRAL DEPOSITORY SYSTEM

42. A reference to a member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, provided that:
- (a) except as otherwise provided by the applicable Statutes, a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP seventy-two (72) hours before the time of the relevant General Meeting (the “**cut-off time**”) as a Depositor on whose behalf CDP holds shares in the Company the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at the cut-off time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy or proxies of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant General Meeting, if the instrument is dealt with in such manner as is provided above;
 - (b) the payment by the Company to CDP of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;
 - (c) the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and
 - (d) the provisions in this Constitution relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined in applicable Statutes).

EXCLUSION OF EQUITIES

43. Except as required by applicable Statutes or law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution or by applicable Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety

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thereof in the registered holder and nothing in this Constitution contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

STOCK

44. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares of any denomination.
45. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Regulations as and subject to which the shares from which the stock arose might previous to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.
46. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by such aliquot part of the stock which would not, if existing in shares, have conferred such privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

GENERAL MEETINGS

47. Subject to applicable Statutes, a General Meeting shall be held within four months after the end of each financial year, at such time as may be determined by the Directors, and in Singapore or such other place as may be determined by the Directors, subject always to the applicable Statutes. The abovementioned General Meetings shall be called Annual General Meetings. All other General Meetings shall be called Extraordinary General Meetings.
48. The Directors may whenever they think fit, and shall on requisition in accordance with the applicable Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

PROCEEDINGS AT GENERAL MEETING

53. The Chairman or one of the Co-Chairman, as the case may be, of the Board, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Co-Chairman, as the case may be, or Deputy Chairman, or if at any General Meeting neither be present within fifteen minutes after the time appointed for holding the General Meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the General Meeting.

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54. No business other than the appointment of a Chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two members present in person or by proxy, provided that (i) a proxy representing more than one member shall only count as one member for the purpose of determining if the quorum aforesaid is present; and (ii) where a member is represented by more than one proxy, such proxies of such member shall only count as one member for purposes of determining if the quorum aforesaid is present.
55. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the Chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint.
56. The Chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or *sine die*) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a General Meeting is adjourned *sine die*, the time and place for the adjourned meeting shall be fixed by the Directors. When a General Meeting is adjourned for thirty days or more or *sine die*, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.
57. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting.
58. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the Chairman of the General Meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
59. (A) If required by the applicable Statutes, at any General Meeting, a resolution put to the vote at any General Meeting shall be decided by a poll.
- (B) Subject to Regulation 59(A), a resolution put to the vote of at any General Meeting, shall be decided on a show of hands by the members present in person and entitled to vote, unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
- (a) the Chairman of the meeting;
 - (b) not less than five members present in person or by proxy and entitled to vote;
or

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- (c) any member or members present in person or by proxy, or where such a member has appointed two or more proxies any one of such proxies, or any number or combination of such members or proxies, holding or representing holding or representing, as the case may be:
 - (i) not less than 5 per cent. of the total voting rights of all the members having the right to vote at the General Meeting; or
 - (ii) shares in the Company conferring a right to vote at the General Meeting, being shares on which an aggregate sum has been paid-up equal to not less than 5 per cent. of the total sum paid-up on all the shares conferring that right.

A demand for a poll made pursuant to this Regulation 59(B) may be withdrawn only with the approval of the meeting.

- (C) If any votes be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same General Meeting or at any adjournment thereof and not in any case unless it shall in the opinion of the Chairman be of sufficient magnitude.

60. A resolution that is put to the vote of the meeting shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman of the General Meeting may direct, and the result of the poll shall be deemed to be the resolution of the General Meeting. The Chairman of the General Meeting may (and if so required by the applicable Statutes or directed by the General Meeting shall) appoint scrutineers for each General Meeting who shall be independent of the persons undertaking the polling process, and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

61. In the case of an equality of votes, the Chairman of the General Meeting at which the vote is taken shall be entitled to a casting vote.

VOTES OF MEMBERS

62. (A) Subject to any special rights or restrictions as to voting attached by or in accordance with this Constitution to any class of shares and to Regulation 4, every member entitled to vote may vote in person or by proxy, who is present in person or by proxy shall have one vote for every share of which he is the holder.

(B) Every member who is present in person or by proxy shall have one vote, provided that:

- (a) in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the Chairman of the General Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote; and
- (b) in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote.

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- (C) On a poll, every member who is present in person or by proxy shall have one vote for every share of which he is the holder.
- (D) For the purposes of determining the number of votes which a member, being a Depositor, or his proxy or proxies may cast at any General Meeting on a poll, the references to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at seventy-two (72) hours before the time of the relevant General Meeting. A member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a member, or attend, vote or act at any General Meeting of the Company.
63. In the case of joint holders of a share, any one of such persons may vote and be reckoned in a quorum at any General Meeting either personally or by proxy as if he were solely entitled thereto, but if more than one of such persons is present at a meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Regulation be deemed joint holders thereof.
64. Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to meetings of the Company.
65. No member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to General Meetings if any call or other sum payable by him to the Company in respect of such shares remains unpaid.
66. No objection shall be raised as to the admissibility of any vote except at the General Meeting or adjourned General Meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the General Meeting whose decision shall be final and conclusive.
67. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
68. (A) Save as otherwise provided in the Act:
- (a) where the member is not a relevant intermediary, such a member shall not be entitled to appoint more than two proxies to attend, speak and vote at the same General Meeting. Where such member nominates more than one proxy then the member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative; or

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- (b) where the member is a relevant intermediary, such a member is entitled to appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
 - (B)
 - (a) In any case where a member is a Depositor, the Company shall be entitled and bound:
 - (i) to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at seventy-two (72) hours before the time of the relevant General Meeting; and
 - (ii) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at seventy-two (72) hours before the time of the relevant General Meeting, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
 - (b) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the member's instructions (if any) and notes (if any) set out in the instrument of proxy.
 - (C) Where a member appoints more than one proxy, the member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
 - (D) A proxy need not be a member of the Company.
69. (A) An instrument appointing a proxy for any member shall be in writing in any usual or common form or in any other form which the Directors may approve and:
- (a) in the case of an individual member:
 - (i) signed by the appointor or his attorney if the instrument of proxy is delivered personally or sent by post; or
 - (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

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- (b) in the case of a member which is a corporation:
 - (i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument of proxy is delivered personally or sent by post; or
 - (ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of this Regulation, designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

- (B) The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a member by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Regulation, failing which the instrument of proxy may be treated as invalid.

- (C) The Directors may, in their absolute discretion:

- (a) approve the method and manner for an instrument appointing a proxy to be authorised; and

- (b) designate the procedure for authenticating an instrument appointing a proxy, as contemplated in Regulations 69(A)(a)(ii) and 69(A)(b)(ii) for application to such members or class of members as they may determine. Where the Directors do not so approve and designate in relation to a member (whether of a class or otherwise), Regulation 69(A)(a)(i) and/or Regulation 69(A)(b)(i) shall apply (as the case may be).

70. (A) An instrument appointing a proxy, if any:

- (a) if sent personally or by post, must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office); or
- (b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting,

and in either case, not less than seventy-two (72) hours before the time appointed for the holding of the General Meeting or adjourned General Meeting and in default shall not be treated as valid.

- (B) The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the General Meeting as for the meeting to which it relates, provided that an instrument of proxy relating to more than one General Meeting (including any

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adjournment thereof) having once been so delivered or sent for the purposes of any meeting shall not require again to be delivered or sent for the purposes of any subsequent meeting to which it relates.

- (C) The Directors may, in their absolute discretion, and in relation to such members or class of members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communication, as contemplated in Regulation 70(A)(b). Where the Directors do not so specify in relation to a member (whether of a class or otherwise), Regulation 70(A)(a) shall apply.
- (D) A member who has deposited an instrument appointing any number of proxies to vote on his behalf at a General Meeting shall not be precluded from attending and voting in person at that General Meeting. Any such appointment of the proxy or proxies concerned shall be deemed to be revoked upon the attendance of the member appointing the proxy or proxies at the relevant General Meeting.
71. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the General Meeting.
72. A vote cast by proxy shall not be invalidated by the previous death or mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, mental disorder or revocation shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) at least one hour before the commencement of the General Meeting or adjourned General Meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.
73. Subject to this Constitution and the applicable Statutes, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any General Meeting the option to vote *in absentia*, including but not limited to voting by mail, electronic mail or facsimile.

CORPORATIONS ACTING BY REPRESENTATIVES

74. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of this Constitution be deemed to be present in person at any such meeting if a person so authorised is present thereat.

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RESERVES

129. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the applicable provisions of the Statutes.

DIVIDENDS

130. The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.
- 130A. (A) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special, or other dividend) be paid or declared on the ordinary shares of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Directors;
 - (ii) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation 130A;
 - (iii) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of the election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
 - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "Elected Ordinary Shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted

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and credited as fully paid to the holders of the Elected Ordinary Shares on the basis of allotment determined as aforesaid and for such purpose (notwithstanding any provision of the Constitution to the contrary), the Directors shall be empowered to do all things necessary and convenient for the purpose of implementing the aforesaid including, without limitation, the making of each necessary allotment of shares and of each necessary appropriation, capitalisation, application, payment and distribution of funds which may be lawfully appropriated, capitalised, applied, paid or distributed for the purpose of the allotment and without prejudice to the generality of the foregoing the Directors may (a) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the Elected Ordinary Shares on such basis, or (b) apply the sum which would otherwise have been payable in cash to the holders of Elected Ordinary Shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the Elected Ordinary Shares on such basis.

- (B) (i) The ordinary shares allotted pursuant to the provisions of Regulation 130A(A) shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (ii) The Directors may do all acts and things considered necessary or expedient to give effect to any appropriation, capitalisation, application, payment and distribution of funds pursuant to Regulation 130A(A), with full power to make such provisions as they think fit in the case of fractional entitlements to shares (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the members) and to authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such appropriation, capitalisation, application, payment and distribution of funds and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.
- (C) The Directors may, on any occasion when they resolve as provided in Regulation 130A(A), determine that the rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Regulation 130A shall be read and construed to such determination.

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- (D) The Directors may, on any occasion when they resolve as provided in Regulation 130A(A), further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlements of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.
- (E) Notwithstanding the foregoing provisions of this Regulation 130A, if at any time after the Directors' resolution to apply the provisions of Regulation 130A(A) in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interest of the Company, cancel the proposed application of Regulation 130A(A).
131. If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.
132. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Regulation, no amount paid on a share in advance of calls shall be treated as paid on the share.
133. No dividend shall be paid otherwise than out of profits available for distribution under the applicable provisions of the Statutes. The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other distributions or monies unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company, and any such dividend unclaimed after six years from the date of declaration shall be forfeited and shall revert to the Company. The Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If CDP returns any such dividend or monies to the Company, the relevant Depositor entitled thereto shall not have any right or claim in respect of such dividend or monies against the Company if a period of six years has elapsed from the date of the declaration of such dividends or the date on which such other monies are first payable, whichever is the earlier date.
134. No dividend or other monies payable on or in respect of a share shall bear interest as against the Company.

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135. (A) The Directors may retain any dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.
- (C) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
136. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.
137. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.
138. Any dividend or other monies payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.
139. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other monies payable or property distributable on or in respect of the share.

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140. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

141. (A) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Regulation 4(B)):
- (i) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:
 - (a) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
 - (b) (in the case of an Ordinary Resolution passed pursuant to Regulation 4(B)) such other date as may be determined by the Directors, in proportion to their then holdings of shares; and/or
 - (ii) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of the profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
 - (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
 - (ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 4(B)) such other date as may be determined by the Directors, in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid-up to and amongst them as bonus shares in the proportion aforesaid.
- (B) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under this Regulation 141, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

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- (C) In addition and without prejudice to the powers provided for by this Regulation 141, the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other monies of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other monies carried and standing to any reserve or reserves) and to apply such profits or other monies in paying up in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by members in General Meeting and on such terms as the Directors shall think fit.

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APPENDIX F FY2023 RESULTS

Independent Auditor's Report to the Members of Best World International Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Best World International Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2023, the statements of changes in equity of the Group and the Company, and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 87 to 163.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics Applicable to Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

(a) Business model in China

Due to potential risks of violating the Direct Selling and Chuan Xiao Laws in China under the Group's previous business model, the Group has made changes on its business process under the Franchise Model progressively since June 2018. Based on legal opinions obtained in previous financial years, it has been concluded that the risk of violating laws and regulations in China is now remote under the Group's Franchise Model. However, the Group continues to place a significant focus on this area as laws and regulations in China may change, and it is essential for the Group to remain compliant with all laws and regulations. Therefore, the Group has engaged reputable and independent legal firms to review its current business process under the Franchise Model for the financial year ended 31 December 2023 and to provide legal opinions on its compliance with current laws and regulations in China.

We focused on this area as a key audit matter due to non-compliance with laws and regulations could potentially impact the Group's financial performance and bring on legal liabilities.

APPENDIX F

FY2023 RESULTS

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

Key Audit Matters (cont'd)

(a) Business model in China (cont'd)

How our audit addressed this key audit matter

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

- Discussed and obtained an understanding on the Group's business model in China and performed walkthrough of the business process by verifying to relevant supporting documents;
- Obtained and reviewed the independent legal opinions obtained by the management;
- Performed independent search on legal and compliance issues relating to the Group's operations in China via the TianYanCha platform. TianYanCha is a credit investigation institution established in accordance with laws and regulations and approved by government in China. It provides company background, shareholder information and relationship, industrial and commercial information, litigation related information, and etc;
- Assessed provisions to be recognised in accordance with SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*, if any; and
- Considered the adequacy of the disclosures in the financial statements.

(b) Revenue recognition

[Refer to Notes 2.2 and 4 to the financial statements]

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

The Group primarily derives revenue from the direct selling and franchise segments and mainly from the operations in Singapore, China and Taiwan. During the financial year ended 31 December 2023, the Group's total revenue amounted to S\$514,510,000, of which, S\$222,123,000 (approximately 43%) was contributed by operations in China.

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

How our audit addressed this key audit matter

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

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

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

Key Audit Matters (cont'd)

- (b) Revenue recognition (cont'd)
[Refer to Notes 2.2 and 4 to the financial statements]

How our audit addressed this key audit matter (cont'd)

In obtaining sufficient audit evidence, we have performed the following procedures: (cont'd)

- Reviewed management journal entries to detect any unusual transactions in relation to revenue for evidence of fraud; and
- Considered the adequacy of the disclosures in the financial statements.

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

- Traced the orders placed by franchisees to the warehouse packing list and third-party logistic provider's delivery tracking list to ascertain the delivery of goods;
- Attended and observed the year-end stocktake observation at the third-party warehouse and performed inventories roll-back procedures as at 31 December 2023;
- Obtained confirmations from the franchisees on the sales transactions during the financial year;
- Verified the authenticity of the tax invoices via National Value-added Tax Invoice Verification platform of State Taxation Administration of China; and
- Vouched to supporting documents to ascertain:
 - Customer's acknowledgement of receipt of goods;
 - The timing of goods delivered by the third-party logistic provider with the customers;
 - Timing of recognition of revenue; and
 - The receipts of payments made by customers and traced to bank statements.

- (c) Valuation of put and call option
[Refer to Notes 19 and 27 to the financial statements]

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

As at 31 December 2023, fair value of the put and call option of the Group amounted to S\$12,624,000 and S\$1,184,000 respectively. Downward fair value adjustments of S\$1,635,000 have been recognised in the profit or loss for the financial year ended 31 December 2023.

The Group has appointed an independent professional valuer (the "Valuer") to assist in assessing the fair value of the put and call option.

We focused on this area as a key audit matter as the valuation process is inherently subjective and involves significant judgements in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied.

How our audit addressed this key audit matter

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

- Assessed the independence and competency of the Valuer, including the Valuer's professional qualifications and experience;

APPENDIX F FY2023 RESULTS

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

Key Audit Matters (cont'd)

- (c) Valuation of put and call option (cont'd)
[Refer to Notes 19 and 27 to the financial statements]

How our audit addressed this key audit matter (cont'd)

In obtaining sufficient audit evidence, we have performed the following procedures: (cont'd)

- Together with our internal valuation specialists, reviewed and assessed the appropriateness of the valuation methodologies and reasonableness of the assumptions used by the management and Valuer; and
- Considered the adequacy of the disclosures in the financial statements.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

CLA Global TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
28 March 2024

APPENDIX F
FY2023 RESULTS

**Consolidated Statement
of Comprehensive Income**

For the financial year ended 31 December 2023

	Note	2023 S\$'000	2022 S\$'000
Revenue	4	514,510	557,348
Cost of sales		(109,102)	(114,490)
Gross profit		405,408	442,858
Other income			
- Interest income – bank deposits		13,099	6,296
- Others	5	6,932	7,762
Other (losses)/gains			
- (Allowance)/Write-back for expected credit losses, net:			
- Trade receivables	21	(23)	16
- Other receivables	21	(15)	(12)
- Others	6	(6,955)	(29,511)
Expenses			
- Distribution		(156,865)	(143,740)
- Administrative		(92,257)	(94,894)
- Finance	8	(1,627)	(507)
Share of profit of a joint venture	17	743	694
Share of loss of an associate	18	(144)	(299)
Profit before income tax		168,296	188,663
Income tax expense	10	(47,821)	(52,404)
Net profit		120,475	136,259
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
- Currency translation loss arising from consolidation, representing other comprehensive loss, net of tax		(3,815)	(10,081)
Total comprehensive income		116,660	126,178
Net profit attributable to:			
Equity holders of the Company		120,370	136,259
Non-controlling interests		105	-
		120,475	136,259
Total comprehensive income attributable to:			
Equity holders of the Company		116,542	126,045
Non-controlling interests		118	133
		116,660	126,178
Earnings per share for profit attributable to equity holders of the Company (S\$ cents per share)			
Basic and diluted earnings per share	11	27.74	28.82

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

APPENDIX F
FY2023 RESULTS

Statements of Financial Position

As at 31 December 2023

	Note	Group		Company	
		2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	76,483	73,100	4,940	2,084
Investment property	13	1,054	1,073	-	-
Other intangible asset	14	7,387	7,629	-	-
Intangible assets	15	994	1,054	70	55
Right-of-use assets	25	23,402	21,498	12,044	8,803
Investments in subsidiary corporations	16	-	-	124,685	127,261
Investment in a joint venture	17	25,528	25,600	-	-
Investment in an associate	18	1,697	4,691	-	-
Deferred tax assets	10	12,066	11,461	-	-
Other financial assets	19	1,184	1,985	-	-
		149,795	148,091	141,739	138,203
Current assets					
Inventories	20	63,659	53,290	26,939	22,157
Trade and other receivables	21	10,695	11,270	51,476	27,366
Other assets	22	18,027	28,888	8,526	15,452
Other financial assets	19	14,627	13,716	14,627	13,716
Cash and cash equivalents	23	608,065	484,831	438,402	270,046
		715,073	591,995	539,970	348,737
Total assets		864,868	740,086	681,709	486,940
LIABILITIES					
Current liabilities					
Trade and other payables	24	138,537	151,390	46,426	48,288
Contract liabilities	4	7,669	7,171	-	-
Lease liabilities	25	5,192	5,154	1,648	2,142
Other financial liabilities	27	31	43	31	43
Borrowings	26	15,000	-	15,000	-
Provisions	28	34,882	34,896	882	882
Income tax payable		31,692	19,974	15,160	1,881
		233,003	218,628	79,147	53,236
Non-current liabilities					
Provisions	28	1,605	1,111	964	484
Deferred tax liabilities	10	10,002	9,798	403	179
Lease liabilities	25	17,337	15,502	10,086	6,230
Other financial liabilities	27	12,624	11,401	-	-
		41,568	37,812	11,453	6,893
Total liabilities		274,571	256,440	90,600	60,129
Net assets		590,297	483,646	591,109	426,811

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

APPENDIX F FY2023 RESULTS

As at 31 December 2023

	Note	Group		Company	
		2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
EQUITY					
Capital and reserve attributable to equity holders of the Company					
Share capital	29	20,618	20,618	20,618	20,618
Treasury shares	29	(18,275)	(18,275)	(18,275)	(18,275)
Retained earnings		562,592	452,231	588,444	424,146
Other reserves	30	27,764	31,592	322	322
		592,699	486,166	591,109	426,811
Non-controlling interests		(2,402)	(2,520)	-	-
Total equity		590,297	483,646	591,109	426,811

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

APPENDIX F
FY2023 RESULTS

**Consolidated Statement
of Changes in Equity**

For the financial year ended 31 December 2023

	Note	Attributable to equity holders of the Company							Non-controlling interests S\$'000	Total equity S\$'000
		Share capital S\$'000	Treasury shares* S\$'000	Currency translation reserve S\$'000	Statutory reserve S\$'000	Other reserves S\$'000	Retained earnings* S\$'000	Total S\$'000		
Group										
Balance at 1 January 2023		20,618	(18,275)	(1,005)	33,384	(787)	452,231	486,166	(2,520)	483,646
Profit for the financial year		-	-	-	-	-	120,370	120,370	105	120,475
Other comprehensive (loss)/income for the financial year		-	-	(3,828)	-	-	-	(3,828)	13	(3,815)
Total comprehensive (loss)/income for the financial year		-	-	(3,828)	-	-	120,370	116,542	118	116,660
Share buyback – held as treasury shares	29(b)	-	-	-	-	-	(10,009)	(10,009)	-	(10,009)
Balance at 31 December 2023		20,618	(18,275)	(4,833)	33,384	(787)	562,592	592,699	(2,402)	590,297

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

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For the financial year ended 31 December 2023

Group	Note	Attributable to equity holders of the Company							Total equity S\$'000	
		Share capital S\$'000	Treasury shares* S\$'000	Currency translation reserve S\$'000	Statutory reserve S\$'000	Other reserves S\$'000	Retained earnings* S\$'000	Total S\$'000		Non-controlling interests S\$'000
Balance at 1 January 2022		20,618	(10,591)	8,051	30,258	(787)	460,852	508,401	(2,653)	505,748
Profit for the financial year		-	-	-	-	-	136,259	136,259	-	136,259
Other comprehensive (loss)/income for the financial year		-	-	(10,214)	-	-	-	(10,214)	133	(10,081)
Total comprehensive (loss)/income for the financial year		-	-	(10,214)	-	-	136,259	126,045	133	126,178
Off-market access share buyback	29(a)	-	-	-	-	-	(140,596)	(140,596)	-	(140,596)
Share buyback – held as treasury shares	29(b)	-	(7,684)	-	-	-	-	(7,684)	-	(7,684)
Transfer to statutory reserve	30	-	-	1,158	3,126	-	(4,284)	-	-	-
Balance at 31 December 2022		20,618	(18,275)	(1,005)	33,384	(787)	452,231	486,166	(2,520)	483,646

For the financial year ended 31 December 2023

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

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For the financial year ended 31 December 2023

	Note	Attributable to equity holders of the Company				Total equity S\$'000
		Share capital S\$'000	Treasury shares* S\$'000	Retained earnings* S\$'000	Other reserves S\$'000	
Company						
Balance at 1 January 2023		20,618	(18,275)	424,146	322	426,811
Total comprehensive income for the financial year		-	-	174,307	-	174,307
Share buyback – held as treasury shares	29(b)	-	-	(10,009)	-	(10,009)
Balance at 31 December 2023		20,618	(18,275)	588,444	322	591,109
Balance at 1 January 2022						
Total comprehensive income for the financial year		20,618	(10,591)	390,579	322	400,928
Off-market access share buyback	29(a)	-	-	174,163	-	174,163
Share buyback – held as treasury shares	29(b)	-	(7,684)	(140,596)	-	(140,596)
Balance at 31 December 2022		20,618	(18,275)	424,146	322	426,811

* Retained earnings of the Group are distributable except for accumulated retained earnings of joint venture and associate amounting to S\$1,792,000 (2022: S\$1,193,000). Additionally, the treasury shares amounting to S\$18,275,000 (2022: S\$18,275,000) represents the aggregate value of shares repurchased by the Group and held as treasury shares. Retained earnings of the Company are distributable except for the treasury shares amounting to S\$18,275,000 (2022: S\$18,275,000).

APPENDIX F
FY2023 RESULTS

Consolidated Statement of Cash Flows

	Note	2023 S\$'000	2022 S\$'000
Cash flows from operating activities			
Profit before income tax		168,296	188,663
Adjustments for:			
- Interest income		(13,099)	(6,296)
- Interest expenses	8	1,627	507
- Depreciation of property, plant and equipment	9	7,598	4,803
- Depreciation of right-of-use assets	9	6,372	5,430
- Depreciation of investment property	9	19	18
- Amortisation of other intangible asset	9	242	242
- Amortisation of intangible assets	9	83	83
- Gain on disposal of property, plant and equipment	6	(141)	(422)
- Write-back for expected credit losses on trade receivables, net	21	23	(16)
- Allowance for expected credit loss on other receivables	21	15	12
- Fair value (gain)/loss in forward contract	6	(12)	43
- Loss on disposal of other financial assets	6	-	26
- Fair value (gain)/loss in other financial assets	6	(790)	844
- Fair value loss in call option - Pedal Pulses Limited	6	865	3,288
- Fair value loss/(gain) in put option - Pedal Pulses Limited	6	770	(5,623)
- Loss on lease modification	6	-	2
- Inventories written-down, net	6	91	103
- Impairment loss in investment in a joint venture	6	-	12,692
- Impairment loss in investment in an associate	6	2,850	-
- Share of profit of a joint venture	17	(743)	(694)
- Share of loss of an associate	18	144	299
- Unrealised foreign exchange (gains)/losses		(3,021)	5,044
Operating cash flows before changes in working capital		171,189	209,048
Change in working capital			
- Inventories		(10,460)	34,888
- Trade and other receivables		327	(5,027)
- Other assets		10,861	(8,231)
- Trade and other payables		(12,789)	1,616
- Provisions		-	(1,742)
- Contract liabilities		498	5,485
Cash flows generated from operations		159,626	236,037
Income tax paid		(36,108)	(52,791)
Net cash provided by operating activities		123,518	183,246
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(11,159)	(14,683)
Proceeds from disposal of property, plant and equipment		167	837
Purchase of intangible assets	15	(41)	(23)
Purchase of other financial assets	19	(616)	(148)
Proceeds from disposal of other financial assets	19	266	245
Dividend received	17	815	737
Interest received		13,099	6,296
Net cash provided by/(used in) investing activities		2,531	(6,739)

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

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For the financial year ended 31 December 2023

	Note	2023 S\$'000	2022 S\$'000
Cash flows from financing activities			
Off-market equal access share buyback	29(a)	-	(140,596)
Purchase of treasury shares	29(b)	(10,009)	(7,684)
Payment of lease liabilities	25	(7,094)	(4,982)
Proceeds from borrowings		15,000	-
Increase in cash restricted in use		(26,663)	(458)
Interest paid		(476)	-
Net cash used in financing activities		(29,242)	(153,720)
Net increase in cash and cash equivalents			
Effects of foreign exchange rate changes on cash and cash equivalents		96,807	22,787
		(236)	(13,242)
Beginning of financial year		477,389	467,844
End of financial year	23	573,960	477,389

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

APPENDIX F FY2023 RESULTS

Notes to the Financial Statements

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

1. General information

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

The registered office and principal place of business of the Company is located at 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. The principal activities of the subsidiary corporations are disclosed in Note 16 to the financial statements.

2. Material accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2023

On 1 January 2023, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

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

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

2.2 Revenue

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

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

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FY2023 RESULTS

2. Material accounting policies (cont'd)

2.2 Revenue (cont'd)

(a) *Direct selling*

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

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

The amount of revenue recognised is based on the estimated transaction price, which comprise the contractual price, net of certain commissions payable to the customer. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

(b) *Export sales*

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

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

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

(c) *Franchise sales*

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

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

The amount of revenue recognised is based on the contractual transaction price, which comprise the contractual price, net of sales related expenses payable to the customer. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

(d) *Manufacturing/wholesale*

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

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

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

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FY2023 RESULTS

2. Material accounting policies (cont'd)

2.2 Revenue (cont'd)

(e) *Consideration payable to a customer*

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

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

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

2.3 Government grants

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

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

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

2.4 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

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

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

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

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2. Material accounting policies (cont'd)

2.4 Group accounting (cont'd)

(a) *Subsidiary corporations (cont'd)*

(ii) *Acquisition*

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

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) *Disposal*

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

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

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

(b) *Transactions with non-controlling interests*

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

(c) *Associate and joint venture*

Associate is entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

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

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FY2023 RESULTS

2. Material accounting policies (cont'd)

2.4 Group accounting (cont'd)

(c) Associate and joint venture (cont'd)

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

(i) Acquisition

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

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associate's and joint venture's post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from associate or joint venture are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associate and a joint venture equals to or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associate or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

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

(iii) Disposal

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

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

2.5 Property, plant and equipment

(a) Measurement

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

APPENDIX F FY2023 RESULTS

2. Material accounting policies (cont'd)

2.5 Property, plant and equipment (cont'd)

(a) *Measurement (cont'd)*

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

(b) *Depreciation*

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

	Useful lives
Leasehold buildings	50 to 77 years
Plant and equipment	3 to 15 years

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

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

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

(c) *Subsequent expenditure*

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

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other (losses)/gains".

2.6 Intangible assets

(a) *Goodwill*

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

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

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

APPENDIX F FY2023 RESULTS

2. Material accounting policies (cont'd)

2.6 Intangible assets (cont'd)

(b) *Acquired trademarks and licences*

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

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

	Useful lives
Licences	10 to 25 years
Trademarks	5 to 10 years
Customer relationship	5 years
Other intangible asset	38 years

2.7 Borrowing costs

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

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

2.8 Investment property

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

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

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

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

2.9 Investments in subsidiary corporations, joint venture and associate

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

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FY2023 RESULTS

2. Material accounting policies (cont'd)

2.10 Impairment of non-financial assets

(a) *Goodwill*

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

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

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

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

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

(b) *Intangible assets*

Property, plant and equipment

Right-of-use assets

Investments in subsidiary corporations, joint venture and associate

Other non-financial assets

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

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

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

The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in profit or loss.

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

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

APPENDIX F FY2023 RESULTS

2. Material accounting policies (cont'd)

2.11 Financial assets

(a) Classification and measurement

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

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

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

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

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

At initial recognition

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

At subsequent measurement

(i) Debt instrument

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

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

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

(ii) Equity investments

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

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33(b) to the financial statements details how the Group determines whether there has been a significant increase in credit risk.

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2. Material accounting policies (cont'd)

2.11 Financial assets (cont'd)

(b) *Impairment (cont'd)*

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) *Recognition and derecognition*

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

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

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

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

2.12 Offsetting of financial instruments

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

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.14 Trade and other payables

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

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

2.15 Leases

(i) *When the Group is the lessee:*

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

APPENDIX F FY2023 RESULTS

2. Material accounting policies (cont'd)

2.15 Leases (cont'd)

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

Right-of-use assets

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

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

Lease liabilities

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

Lease payments include the following:

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

For a contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone prices of the lease and non-lease components. The Group has elected to not separate lease and non-lease components for property leases and account these as one single lease component.

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

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

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

Short term and low value leases

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

Variable lease payments

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

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FY2023 RESULTS

2. Material accounting policies (cont'd)

2.15 Leases (cont'd)

(ii) *When the Group is the lessor:*

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

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

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

2.16 Inventories

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

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

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

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

2.17 Income taxes

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

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

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

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

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FY2023 RESULTS

2. Material accounting policies (cont'd)

2.17 Income taxes (cont'd)

Deferred income tax is measured: (cont'd)

- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment properties measured at fair value are presumed to be recovered entirely through sale.

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

2.18 Provisions

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

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

2.19 Employee compensation

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

Defined contribution plans

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

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

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

2.20 Currency translation

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

(a) Functional and presentation currency

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

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2. Material accounting policies (cont'd)

2.20 Currency translation (cont'd)

(b) Transactions and balances

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

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

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

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

(c) Translation of Group entities' financial statements

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

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

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

2.21 Segment reporting

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

The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to these segments and to assess these segments' performances. Additional disclosures on each of these segments are shown in Note 34 to the financial statements, including factors used to identify the reportable segments and the measurement basis of segment information.

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2. Material accounting policies (cont'd)

2.22 Cash and cash equivalents

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

2.23 Share capital and treasury shares

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

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

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

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

3. Critical accounting estimates, assumptions and judgements

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

(a) *Income taxes*

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. The China subsidiary corporations make tax submissions and obtain clearances from the local tax authorities in accordance with local practices. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax liabilities and deferred tax assets at the end of the reporting date was S\$31,692,000 (2022: S\$19,974,000), S\$10,002,000 (2022: S\$9,798,000) and S\$12,066,000 (2022: S\$11,461,000) respectively are disclosed in Note 10 to the financial statements.

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

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

The Group measured the loss allowance for trade receivables at an amount equal to lifetime ECL using a provision matrix. A considerable amount of judgement is required in assessing the ECL which are determined by referencing to the Group's historical observed default rates, customer's ability to pay and adjusted with forward-looking information. At every reporting date, the historical observed default rates will be updated and changes in the forward-looking estimates will be analysed. The information about the ECL on the Group's trade receivables is disclosed in Note 33(b) to the financial statements. The Group also evaluates the ECL on customers in financial difficulty separately. Based on management's evaluation, a loss allowance of S\$40,000 for trade receivables is recognised for the financial year ended 31 December 2023.

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

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

(c) *Fair value measurement of put and call option - Pedal Pulses Limited*

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

Call option

As at the end of the reporting date, the fair value of the call option has been determined by management, assisted by its independent professional valuer (the "Valuer"), and is considered as level 3 recurring fair value measurements. The significant judgement and assumptions to the valuation include expected risk-free rate, spread and volatility rate. Significant assumptions were made by the management in estimating the probability of the option being exercised as at the end of the reporting date. The carrying value of the call option as at 31 December 2023 is S\$1,184,000 (2022: S\$1,985,000).

Put option

As at the end of the reporting date, the fair value of the put option derivative has been determined by management, assisted by the Valuer, and is considered as level 3 recurring fair value measurements. The significant judgement and assumptions to the valuation include expected volatility rate and risk-free rate. Significant assumptions were made by the management in estimating the probability of the option being exercised as at the end of the reporting date. The carrying value of the put option as at 31 December 2023 is S\$12,624,000 (2022: S\$11,401,000).

(d) *Valuation of inventories*

A review is made periodically on inventory for obsolete and excess inventory and declines in net realisable value below cost and an allowance is recorded against the carrying amount of inventories for any such obsolescence, excess and declines. The determination of inventories write down to net realisable value requires management to exercise judgement in identifying end-of-life or slow-moving inventories and make estimates of write down required. Such estimation is made after taking into consideration factors such as future demands and anticipated selling prices. As at 31 December 2023, there was S\$91,000 (2022: S\$103,000) net inventories written-down. The carrying amount of inventories at the reporting date is disclosed in Note 20 to the financial statements.

4. Revenue

(a) *Disaggregation of revenue from contracts with customers*

	Group	
	2023 S\$'000	2022 S\$'000
Primary geographical markets		
Taiwan	151,446	143,248
Singapore	50,774	40,793
China	222,123	292,062
Malaysia	26,552	28,095
Hong Kong	21,891	20,600
Others	41,724	32,550
	514,510	557,348
Major operating segments		
Direct selling	292,158	265,084
Franchise	221,277	291,562
Others	1,075	702
	514,510	557,348

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

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4. Revenue (cont'd)

(b) *Contract liabilities*

	Group		
	31 December		1 January
	2023 S\$'000	2022 S\$'000	2022 S\$'000
Contract liabilities	7,669	7,171	1,686

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

Revenue recognised that was included in the contract liabilities balance at the beginning of the financial year was S\$7,171,000 (2022: S\$1,686,000).

(c) *Trade receivables from contracts with customers*

	Group			Company		
	31 December		1 January	31 December		1 January
	2023 S\$'000	2022 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000	2022 S\$'000
Trade receivables						
- Third parties	2,857	2,772	2,163	1,259	208	651
- Subsidiary corporations	-	-	-	42,861	25,916	28,776
Less: Allowance for expected credit losses	(1,577)	(1,610)	(1,556)	(9,172)	(11,881)	(16,872)
	1,280	1,162	607	34,948	14,243	12,555

5. Other income – Others

	Group	
	2023 S\$'000	2022 S\$'000
Government grants	5,368	6,963
Rental income from investment property (Note 13)	125	124
Miscellaneous income	1,439	675
	6,932	7,762

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

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6. Other (losses)/gains – Others

	Note	Group	
		2023 S\$'000	2022 S\$'000
Fair value (losses)/gains			
- Other financial assets	19	790	(844)
- Call option - Pedal Pulses Limited	19	(865)	(3,288)
- Put option - Pedal Pulses Limited	27	(770)	5,623
- Forward contract	27	12	(43)
		(833)	1,448
Foreign exchange losses, net		(3,322)	(18,558)
Gain on disposal of property, plant and equipment		141	422
Impairment loss on investment in a joint venture	17	-	(12,692)
Impairment loss on investment in an associate	18	(2,850)	-
Inventories written-down, net	20	(91)	(103)
Loss on disposal of other financial assets	19	-	(26)
Loss on lease modification	25	-	(2)
		(6,955)	(29,511)

7. Distribution costs and administrative expenses

	Note	Group	
		2023 S\$'000	2022 S\$'000
Included in distribution costs			
- Convention expenses		22,956	24,138
- Commission expenses		113,409	90,821
- Franchise sales related expenses		9,825	12,577
- Employee benefit expenses		241	355
Included in administrative expenses			
- Employee compensation (including Directors' remuneration)		66,654	71,400
- Amortisation of intangible assets	15	83	83
- Amortisation of other intangible asset	14	242	242
- Operating lease expense relating to short-term leases	25	79	85

Convention expenses

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

Commission expenses

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

Franchise sales related expenses

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

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8. Finance costs

	Note	Group	
		2023 S\$'000	2022 S\$'000
Interest expense			
- Lease liabilities	25	1,151	507
- Bank borrowings		476	-
		1,627	507

9. Profit before income tax

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

	Note	Group	
		2023 S\$'000	2022 S\$'000
Audit fees paid/payable to:			
- Auditor of the Company		428	416
- Other auditors		269	202
Professional fees		1,477	1,073
Directors' fees		280	245
Employee compensation (including directors):			
- Salaries, bonuses and allowances (included in distribution cost)		200	291
- Salaries, bonuses and allowances (including directors' remuneration)		64,333	69,341
- Employer's contribution to defined contribution plan		2,362	2,123
		66,895	71,755
Amortisation of other intangible asset	14	242	242
Amortisation of intangible assets	15	83	83
Depreciation of property, plant and equipment	12	7,598	4,803
Depreciation of investment property	13	19	18
Depreciation of right-of-use assets	25	6,372	5,430

10. Income tax expense

(a) *Income tax expense*

	Note	Group	
		2023 S\$'000	2022 S\$'000
Current income tax:			
- Current income taxation		34,924	37,485
- Under/(Over) provision in prior financial years		7,167	(4,125)
		42,091	33,360
Deferred income tax:			
- Origination and reversal of temporary differences	10(b)	(401)	8,135
Withholding tax		6,131	10,909
		47,821	52,404

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10. Income tax expense (cont'd)

(a) *Income tax expense (cont'd)*

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2023 S\$'000	2022 S\$'000
Profit before income tax	168,296	188,663
Share of profit of a joint venture	(743)	(694)
Share of loss of an associate	144	299
Profit before income tax and share of (profit)/loss of a joint venture and an associate	167,697	188,268
Tax calculated at tax rate of 17% (2022: 17%)	28,508	32,006
Adjustments:		
- Effect of different tax rates in other countries	5,667	7,279
- Income not subject to tax	(1,966)	(227)
- Expenses not deductible for tax purposes	3,703	13,388
- Tax concession, rebates and exemptions	(389)	(338)
- Deferred tax assets not recognised	437	418
- (Over)/Under provision in prior financial years	7,167	(4,125)
- Utilisation of previously unrecognised allowances	(69)	(108)
- Deferred tax relating to undistributed earnings of subsidiary corporations	(1,753)	(6,792)
- Withholding tax	6,131	10,909
- Others	385	(6)
	47,821	52,404

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10. Income tax expense (cont'd)

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

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	Group				Company	
	Consolidated statement of financial position		Consolidated statement of profit or loss		Statement of financial position	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Deferred tax liabilities						
Excess of net book value of property, plant and equipment over tax values	(6,653)	(4,151)	2,502	3,958	(390)	(145)
Undistributed earnings of subsidiary corporations	(1,960)	(3,713)	(1,753)	(6,792)	-	-
Unremitted interest income	(348)	(239)	109	98	(348)	(239)
Provisions	180	278	98	(37)	180	278
Right-of-use assets	(3,559)	(3,751)	(192)	1,526	(1,884)	(1,496)
Others	44	-	(44)	(27)	44	-
	<u>(12,296)</u>	<u>(11,576)</u>			<u>(2,398)</u>	<u>(1,602)</u>
Deferred tax assets						
Provisions	-	-	-	1,308	-	-
Unrealised profits on inventories arising from intra-group sale	9,736	8,913	(823)	10,192	-	-
Lease liabilities	3,622	3,700	78	(1,649)	1,995	1,423
Others	1,002	626	(376)	(442)	-	-
	<u>14,360</u>	<u>13,239</u>	<u>(401)</u>	<u>8,135</u>	<u>1,995</u>	<u>1,423</u>

(c) *Unrecognised tax losses*

At the end of the reporting date, the Group has tax losses of approximately S\$13,996,000 (2022: S\$13,342,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate in.

These tax losses have no expiry date except for an amount of S\$11,617,000 (2022: S\$10,964,000) which will expire in the next 5 to 15 years as follows:

	Group	
	2023 S\$'000	2022 S\$'000
Can be utilised up to:		
2023	-	786
2024	1,840	1,840
2025	1,045	1,045
2026	998	597
2027	3,146	3,146
After 2027	4,588	3,550
	<u>11,617</u>	<u>10,964</u>

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11. Earnings per share

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

There were no potential dilutive ordinary shares during the financial years ended 31 December 2023 and 2022.

	Group	
	2023	2022
Net profit attributable to equity holders of the Company (S\$'000)	120,370	136,259
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share* ('000)	433,971	472,798
Basic and diluted earnings per share (S\$ cents per share)	27.74	28.82

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

12. Property, plant and equipment

	Freehold land S\$'000	Leasehold buildings S\$'000	Plant and equipment in progress S\$'000	Plant and equipment S\$'000	Total S\$'000
Group 2023					
<i>Cost</i>					
Beginning of financial year	50	40,464	14,318	33,814	88,646
Additions	-	25	1,234	9,900	11,159
Transfer	-	-	(12,443)	12,443	-
Disposals	-	-	-	(1,214)	(1,214)
Currency translation differences	-	(28)	-	(282)	(310)
End of financial year	50	40,461	3,109	54,661	98,281
<i>Accumulated depreciation</i>					
Beginning of financial year	-	1,274	-	14,272	15,546
Depreciation charge (Note 9)	-	1,553	-	6,045	7,598
Disposals	-	-	-	(1,188)	(1,188)
Currency translation differences	-	(7)	-	(151)	(158)
End of financial year	-	2,820	-	18,978	21,798
Net book value					
End of financial year	50	37,641	3,109	35,683	76,483

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12. Property, plant and equipment (cont'd)

	Freehold land S\$'000	Leasehold buildings S\$'000	Construction in progress S\$'000	Plant and equipment in progress S\$'000	Plant and equipment S\$'000	Total S\$'000
Group 2022						
<i>Cost</i>						
Beginning of financial year	50	651	34,528	23,268	18,509	77,006
Additions	-	-	5,515	4,096	5,072	14,683
Transfer		40,043	(40,043)	(13,046)	13,046	-
Disposals	-	(194)	-	-	(2,129)	(2,323)
Currency translation differences	-	(36)	-	-	(684)	(720)
End of financial year	50	40,464	-	14,318	33,814	88,646
<i>Accumulated depreciation</i>						
Beginning of financial year	-	182	-	-	13,110	13,292
Depreciation charge (Note 9)	-	1,165	-	-	3,638	4,803
Disposals	-	-	-	-	(1,908)	(1,908)
Currency translation differences	-	(73)	-	-	(568)	(641)
End of financial year	-	1,274	-	-	14,272	15,546
Net book value						
End of financial year	50	39,190	-	14,318	19,542	73,100

	Plant and equipment	
	2023 S\$'000	2022 S\$'000
Company		
<i>Cost</i>		
Beginning of financial year	9,331	8,682
Additions	4,734	941
Disposals	(794)	(292)
End of financial year	13,271	9,331
<i>Accumulated depreciation</i>		
Beginning of financial year	7,247	6,335
Depreciation charge	1,859	1,200
Disposals	(775)	(288)
End of financial year	8,331	7,247
Net book value		
End of financial year	4,940	2,084

The depreciation expense is charged as administrative expenses in profit or loss.

As at 31 December 2023 and 2022, none of the Group's property, plant and equipment were under finance lease arrangements.

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13. Investment property

	Group	
	2023 S\$'000	2022 S\$'000
<i>Cost</i>		
Beginning and end of financial year	1,400	1,400
<i>Accumulated depreciation</i>		
Beginning of financial year	327	309
Depreciation charge (Note 9)	19	18
End of financial year	346	327
Net book value		
End of financial year	1,054	1,073

The following amounts are recognised in profit or loss:

	Group	
	2023 S\$'000	2022 S\$'000
Rental income (Note 5)	125	124
Direct operating expenses arising from investment property that generated rental income	(20)	(14)

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

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Details of the investment property held by the Group as at 31 December 2023 and 2022 was as follows:

Description and location	Existing use	Tenure	Unexpired lease term
One unit of leasehold property at Block 726 Ang Mo Kio Avenue 6 Singapore 560726	Shop	Leasehold	56 years

Valuation of investment property

The fair value of the investment property was measured as at 31 December 2023 and 2022 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting date. The fair value was based on a valuation made by RHT Valuation Pte. Ltd., a firm of independent professional valuers. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. Details of valuation techniques and inputs used are disclosed in Note 33(e)(iii) to the financial statements.

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14. Other intangible asset

	Group	
	2023 S\$'000	2022 S\$'000
<i>Cost</i>		
Beginning and end of financial year	9,095	9,095
<i>Accumulated amortisation</i>		
Beginning of financial year	1,466	1,224
Amortisation charge (Note 9)	242	242
End of financial year	1,708	1,466
Net book value		
End of financial year	7,387	7,629

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

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

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

15. Intangible assets

	Goodwill S\$'000	Licences S\$'000	Trademarks S\$'000	Customer relationship S\$'000	Total S\$'000
Group 2023					
<i>Cost</i>					
Beginning of financial year	1,016	8,456	938	740	11,150
Additions	-	15	26	-	41
Currency translation differences	-	(141)	-	-	(141)
End of financial year	1,016	8,330	964	740	11,050
<i>Accumulated amortisation and impairment</i>					
Beginning of financial year	324	8,149	883	740	10,096
Amortisation charge (Note 9)	-	72	11	-	83
Currency translation differences	-	(122)	(1)	-	(123)
End of financial year	324	8,099	893	740	10,056
Net book value					
End of financial year	692	231	71	-	994

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15. Intangible assets (cont'd)

	Goodwill S\$'000	Licences S\$'000	Trademarks S\$'000	Customer relationship S\$'000	Total S\$'000
Group 2022					
<i>Cost</i>					
Beginning of financial year	1,016	8,871	927	740	11,554
Additions	-	11	12	-	23
Currency translation differences	-	(426)	(1)	-	(427)
End of financial year	1,016	8,456	938	740	11,150
<i>Accumulated amortisation and impairment</i>					
Beginning of financial year	324	8,465	876	740	10,405
Amortisation charge (Note 9)	-	76	7	-	83
Currency translation differences	-	(392)	-	-	(392)
End of financial year	324	8,149	883	740	10,096
Net book value					
End of financial year	692	307	55	-	1,054

	Trademarks	
	2023 S\$'000	2022 S\$'000
Company		
<i>Cost</i>		
Beginning of financial year	682	671
Additions	27	11
End of financial year	709	682
<i>Accumulated amortisation</i>		
Beginning of financial year	627	620
Amortisation charge	12	7
End of financial year	639	627
Net book value		
End of financial year	70	55

Goodwill

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

	Group	
	2023 S\$'000	2022 S\$'000
Best World (China) Pharmaceutical Co., Ltd. ("BWC") - Manufacturing/wholesale	686	686
BWL (Thailand) Company Limited ("BWL")	6	6
Best World Lifestyle Sdn. Bhd. ("BWLSB")	324	324
Gross carrying amount	1,016	1,016
Less: Accumulated impairment loss	(324)	(324)
	692	692

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

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15. Intangible assets (cont'd)

Goodwill (cont'd)

Impairment loss recognised

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

Impairment testing of goodwill

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

The recoverable amount of goodwill was determined based on value in use calculations using cash flow projections from financial budget of BWC - Manufacturing/wholesale CGU approved by management covering a five-year period. Management has considered and determined the factors applied in these financial budgets which include average growth rates derived based on management's judgement. The growth rate applied ranges from 13% to 194% (2022: 33% to 228%) and the pre-tax discount rate applied in the cash flow projections is 13.88% (2022: 16.5%), which reflects management's estimation of the risks specific to the segment.

There was no impairment loss recognised to write-down the carrying amount of the goodwill attributable to BWC - Manufacturing/wholesale CGU during the financial years ended 31 December 2023 and 2022.

Licences

Included in licences is a direct selling licence registered under BWC with net carrying amount of S\$134,000 (2022: S\$189,000). The recoverable amounts of the direct selling licence is determined based on fair value less costs of disposal. The fair value less costs of disposal of the direct selling licence is determined based on recent transacted prices for comparable direct selling licences in China sharing similar characteristics.

Impairment loss recognised

The Group recorded an accumulated impairment loss of S\$2,892,000 on BWC - Manufacturing/wholesale CGU's production permits and formulae. Consequently, CGU's production permits and formulae has been fully impaired.

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16. Investments in subsidiary corporations

	Company	
	2023 S\$'000	2022 S\$'000
Unquoted equity shares, at cost	17,105	16,008
Less: accumulated impairment loss	(11,850)	(10,753)
	5,255	5,255
Loans to subsidiary corporations	126,899	129,475
Allowance for expected credit loss	(7,469)	(7,469)
	119,430	122,006
Total investments in subsidiary corporations	124,685	127,261
<i>Movements in unquoted equity shares, at cost:</i>		
Beginning of financial year	16,008	14,396
Additions	1,097	1,612
End of financial year	17,105	16,008
<i>Movements in impairment loss:</i>		
Beginning of financial year	10,753	9,145
Charge for the financial year	1,097	1,608
End of financial year	11,850	10,753
<i>Movements in allowance for expected loss:</i>		
Beginning of financial year	7,469	8,500
Charge for the financial year	-	(1,031)
End of financial year	7,469	7,469

Loans to subsidiary corporations

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

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16. Investments in subsidiary corporations (cont'd)

Composition of the Group

The Group has the following subsidiary corporations as at 31 December 2023 and 2022:

Name of subsidiary corporations and country of incorporation	Principal activities	Cost		Effective percentage of equity held by Group	
		2023 S\$'000	2022 S\$'000	2023 %	2022 %
Held by the Company					
Best World Lifestyle Pte Ltd ^(a) (Singapore)	Manufacturing and distribution of skin care products and health supplements	1,251	1,251	100	100
Avance Living Pte. Ltd. ^(a) (Singapore)	Manufacturing and project management service	4	4	100	100
Best World Lifestyle Sdn. Bhd. ^(f) (Malaysia)	Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	2,234	2,234	100	100
PT Best World Indonesia ^(h) (Indonesia)	Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	4,978	4,978	80	80
BWL (Thailand) Company Limited ^{(b)(m)} (Thailand)	Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	48	48	49	49
Best World Lifestyle (HK) Company Limited ⁽ⁱ⁾ (Hong Kong)	Distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	118	118	100	100
Best World Lifestyle (Taiwan) Co., Ltd ^(d) (Taiwan)	Distribution of health food, network services, sanitary products, skin care and cosmetic products	94	94	100	100
BWL Korea Co., Ltd ^{(l)(o)} (Korea)	Distribution of skin care, health food and equipment	5,143	4,046	100	100
PT BWL Indonesia ^(h) (Indonesia)	Distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	780	780	80	80
BWL Health & Sciences, Inc. ^(c) (Philippines)	Selling and distribution, on wholesale basis of skin care, nutritional supplements and personal care products and health care supplement	765	765	100	100

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16. Investments in subsidiary corporations (cont'd)

Composition of the Group (cont'd)

The Group has the following subsidiary corporations as at 31 December 2023 and 2022: (cont'd)

Name of subsidiary corporations and country of incorporation	Principal activities	Cost		Effective percentage of equity held by Group	
		2023 S\$'000	2022 S\$'000	2023 %	2022 %
Held by the Company (cont'd)					
Best World Vietnam Company Limited ^(e) (Vietnam)	Trading and distribution of skin care and health-related products	649	649	100	100
BWL General Trading LLC ^{(l)(m)} (Dubai, The United Arab Emirates ("UAE"))	General trading including importing, trading and re-exporting of trade goods and products	37	37	49	49
BWL Online Systems Pte. Ltd. ^(a) (Singapore)	Distribution of cosmetics, skin care products and toiletries mainly from online sales	-*	-*	100	100
Best World Lifestyle (S) Pte. Ltd. ^(a) (Singapore)	Distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	1,000	1,000	100	100
Celcott Investments Pte. Ltd. ^(a) (Singapore)	Investment holding	-*	-*	100	100
Best World Taiwan Holdings Pte. Ltd. ^{(a)(j)} (Singapore)	Investment holding and distribution of health food, network services, sanitary products, skin care and cosmetic products	-*	-*	100	100
MDUK Investment Pte. Ltd. ^(a) (Singapore)	Investment holding	-*	-*	100	100
BWL Macau Company Limited ^{(k)(n)} (Macau)	Importation and distribution of cosmetics, skincare, nutritional supplements, personal care products and healthcare equipment	4	4	100	100
		17,105	16,008		

* Less than S\$1,000

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16. Investments in subsidiary corporations (cont'd)

Composition of the Group (cont'd)

The Group has the following subsidiary corporations as at 31 December 2023 and 2022: (cont'd)

Name of subsidiary corporations and country of incorporation	Principal activities	Effective percentage of equity held by Group	
		2023 %	2022 %
Held through Best World Lifestyle Pte Ltd			
Best World (China) Pharmaceutical Co., Ltd. ^(a) (China)	Development, manufacture and wholesale of its proprietary brand of dietary supplements, including wholesale, retail and import and export of personal care and skincare and healthcare equipment import and distribution of cosmetics, skincare, nutritional supplements, personal care products and healthcare equipment and engage in franchising activities	100	100
Held through Best World (China) Pharmaceutical Co., Ltd.			
Best World Lifestyle (Shanghai) Co., Ltd ^(a) (China)	Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment. Has not commenced commercial operations	100	100
Best World Lifestyle (China) Co., Ltd ^(a) (China)	Sales of personal necessities, cosmetics and hygiene products, nutritional supplements and health care products, pre-packaged food and other related activities.	100	100

^(a) Audited by CLA Global TS Public Accounting Corporation.

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

^(c) Audited by Reyes Tacandong & Co, a member of RSM network.

^(d) Audited by RSM Taiwan, a member of RSM network.

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

^(f) Audited by Crowe Malaysia PLT, a member of Crowe Global.

^(g) Audited by Hunan Zhongqiao Sanxiang Certified Public Accountants, for local statutory purpose. Audited by Shanghai CLA Global TS Certified Public Accountants, China, for Group reporting purpose.

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

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

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

^(k) Audited by ShineWing (Macau) Certified Public Accountants.

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

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

⁽ⁿ⁾ On 24 February 2022, the Company and its wholly-owned subsidiary corporation in Hong Kong, Best World Lifestyle (Hong Kong) Company Limited ("BWLHK") has incorporated a wholly-owned subsidiary in Macau Special Administrative Region in China.

^(o) On 31 October 2023, the Company increased its investment in BWL Korea Co., Ltd by way of debt conversion of USD802,000 (equivalent to S\$1,097,000). There is no change in effective shareholding of 100% subsequent to the capital injection.

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16. Investments in subsidiary corporations (cont'd)

Composition of the Group (cont'd)

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

The Directors have assessed that the Group did not have subsidiary corporations with non-controlling interests that are material to the Group as at 31 December 2023 and 2022.

Undertaking to support subsidiary corporations with deficit position

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

	Company	
	2023 S\$'000	2022 S\$'000
Total net deficit position of subsidiary corporations	17,317	18,092

17. Investment in a joint venture

	Group	
	2023 S\$'000	2022 S\$'000
Beginning of financial year	25,600	38,335
Share of post-acquisition results	743	694
Dividend received	(815)	(737)
Less: Impairment loss	-	(12,692)
End of financial year	25,528	25,600

Details of the joint venture are as follows:

Name of company	Principal activities	Principal place of business	Ownership interest	
			2023 %	2022 %
Pedal Pulses Limited ^(a)	Retail sales of products for feet, legs and hands and provision of podiatry and beauty services	United Kingdom	49.9	49.9

^(a) Audited by Aspen Waite Limited UK

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

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

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

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

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

Summarised statements of financial position

	2023	2022
	S\$'000	S\$'000
Current assets	10,328	9,349
Non-current assets	1,980	1,746
Current liabilities	(2,664)	(2,595)
Non-current liabilities	(232)	(287)
Net assets, representing surplus in equity	9,412	8,213
Proportion of the Group's ownership	49.9%	49.9%
Share of net assets	768	1,583
Fair value adjustment on net assets acquired	5,798	5,798
Cumulative share of results	2,870	2,127
Goodwill on acquisition	39,133	39,133
	48,569	48,641
Less: Impairment loss	(23,041)	(23,041)
Carrying amount of the investment	25,528	25,600

Summarised statement of comprehensive income

	2023	2022
	S\$'000	S\$'000
Revenue	18,005	15,427
Cost of sales	(7,118)	(5,671)
Administrative expense, including depreciation and amortisation	(6,273)	(5,478)
Distribution costs	(1,290)	(1,326)
Profit before income tax	3,324	2,952
Income tax expense	(775)	(568)
Profit for the financial year, representing total comprehensive income for the financial year	2,549	2,384
Proportion of the Group's ownership	49.9%	49.9%
Group's share of total comprehensive income for the financial year	1,272	1,189
Adjustment for fair value differences	(529)	(495)
Group's share of results for the financial year	743	694
Group's cumulative share of results	2,870	2,127
Dividends received from joint venture	815	737

The joint venture had no contingent liabilities or capital commitments as at 31 December 2023.

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18. Investment in an associate

	Group	
	2023 S\$'000	2022 S\$'000
Beginning of financial year	4,691	4,990
Share of post-acquisition results	(144)	(299)
Less: Impairment loss	(2,850)	-
End of financial year	1,697	4,691

Details of the associate are as follows:

Name of Company	Principal activities	Principal place of business	Ownership interest	
			2023 %	2022 %
Celligenics Pte. Ltd. ^(a)	Research and development of Biotechnology, life and medical sciences	Singapore	12.5	12.5

^(a) Audited by Pricewaterhouse Coopers LLP

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

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

Set out below is the summarised financial information for Celligenics Pte. Ltd.

Summarised statement of financial position

	2023 S\$'000	2022 S\$'000
Current assets	224	31
Non-current assets	346	357
Current liabilities	(3,641)	(3,022)
Net liabilities, representing deficit in equity	(3,071)	(2,634)
Proportion of the Group's ownership	12.5%	12.5%
Share of net assets on acquisition	606	606
Cumulative share of results	(1,078)	(934)
Goodwill on acquisition	4,949	4,949
Impairment loss	(2,850)	-
Other adjustments	70	70
Carrying amount of the investment	1,697	4,691

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18. Investment in an associate (cont'd)

Summarised statement of comprehensive income

	2023 S\$'000	2022 S\$'000
Other income	28	145
Administrative expenses	(745)	(936)
Research and development	(432)	(1,605)
Loss before income tax	(1,149)	(2,396)
Income tax expense	-	-
Loss for the financial year, representing total comprehensive loss for the financial year	(1,149)	(2,396)
Proportion of the Group's ownership	12.5%	12.5%
Group's share of results for the financial year	(144)	(299)
Group's cumulative share of results	(1,078)	(934)

The associate had no contingent liabilities or capital commitments as at 31 December 2023 and 2022.

19. Other financial assets

	Group			
	Carrying value		Fair value	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Non-current:				
<i>Financial assets at FVPL:</i>				
Call option - Pedal Pulses Limited	1,184	1,985	1,184	1,985
Current:				
Quoted bonds, classified as financial instruments at amortised cost, in corporations with fixed interest rate at:				
4.38% maturing on 9 January 2023 (effective rate: 4.38%), Singapore	-	268	-	272
<i>Financial assets at FVPL:</i>				
PIMCO Funds: Global Investors Series PLC - Income Fund	1,131	1,139	1,131	1,139
Credit Suisse – Step Up / Fixed Rate Notes	706	101	706	101
United High Grade Corporate Bond Fund	2,092	1,924	2,092	1,924
United SGD Fund - AACCUUSDH	10,698	10,284	10,698	10,284
Total other financial assets (current)	14,627	13,716	14,627	13,720
Total other financial assets (current and non-current)	15,811	15,701	15,811	15,705

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19. Other financial assets (cont'd)

	Company			
	Carrying value		Fair value	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Current:				
Quoted bonds, classified as financial instruments at amortised cost, in corporations with fixed interest rate at:				
4.38% maturing on 9 January 2023 (effective rate: 4.38%), Singapore	-	268	-	272
Financial instruments at FVPL:				
PIMCO Funds: Global Investors Series PLC - Income Fund	1,131	1,139	1,131	1,139
Credit Suisse – Step Up / Fixed Rate Notes	706	101	706	101
United High Grade Corporate Bond Fund	2,092	1,924	2,092	1,924
United SGD Fund - AACCUUSDH	10,698	10,284	10,698	10,284
Total other financial assets (current)	14,627	13,716	14,627	13,720
Total other financial assets	14,627	13,716	14,627	13,720

Funds pledged for undrawn available credit facilities

Funds amounting to S\$2,275,000 (2022: S\$2,194,000) were pledged to banks to secure banking facilities granted to the Group as disclosed in Note 33(c) to the financial statements.

A reconciliation of other financial assets as at 31 December 2023 and 2022 is as follows:

				Non-cash changes		31 December 2023 S\$'000
	1 January 2023 S\$'000	Addition S\$'000	Disposal S\$'000	Fair value adjustment S\$'000	Foreign exchange movement S\$'000	
Group						
Non-current:						
Financial instruments at FVPL	1,985	-	-	(865)	64	1,184
Current:						
Financial instruments at amortised cost	268	-	(266)	-	(2)	-
Financial instruments at FVPL	13,448	616	-	790	(227)	14,627
Total	15,701	616	(266)	(75)	(165)	15,811

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19. Other financial assets (cont'd)

A reconciliation of other financial assets as at 31 December 2023 and 2022 is as follows: (cont'd)

				Non-cash changes				31 December 2022 S\$'000
	1 January 2022 S\$'000	Addition S\$'000	Disposal S\$'000	Loss on disposal S\$'000	Fair value adjustment S\$'000	Foreign exchange movement S\$'000	Re- classification S\$'000	
Group								
Non-current:								
Financial instruments at amortised cost	269	-	-	-	-	-	(269)	-
Financial instruments at FVPL	5,662	-	-	-	(3,288)	(389)	-	1,985
Current:								
Financial instruments at amortised cost	270	-	(245)	(26)	-	-	269	268
Financial instruments at FVPL	14,199	148	-	-	(844)	(55)	-	13,448
Total	20,400	148	(245)	(26)	(4,132)	(444)	-	15,701

				Non-cash changes				31 December 2023 S\$'000
	1 January 2023 S\$'000	Addition S\$'000	Disposal S\$'000	Loss on disposal S\$'000	Fair value adjustment S\$'000	Foreign exchange movement S\$'000	Re- classification S\$'000	
Company								
Current:								
Financial instruments at amortised cost	268	-	(266)	-	-	(2)	-	-
Financial instruments at FVPL	13,448	616	-	-	790	(227)	-	14,627
Total	13,716	616	(266)	-	790	(229)	-	14,627

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19. Other financial assets (cont'd)

A reconciliation of other financial assets as at 31 December 2023 and 2022 is as follows: (cont'd)

				Non-cash changes				31 December 2022 S\$'000
	1 January 2022 S\$'000	Addition S\$'000	Disposal S\$'000	Loss on disposal S\$'000	Fair value adjustment S\$'000	Foreign exchange movement S\$'000	Re- classification S\$'000	
Company								
Non-current:								
Financial instruments at amortised cost	269	-	-	-	-	-	(269)	-
Current:								
Financial instruments at amortised cost	270	-	(245)	(26)	-	-	269	268
Financial instruments at FVPL	14,199	148	-	-	(844)	(55)	-	13,448
Total	14,738	148	(245)	(26)	(844)	(55)	-	13,716

A summary of the carrying value and fair value of other financial assets is as follows:

	Group			
	Carrying value		Fair value	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Financial assets at amortised cost	-	268	-	272
Financial instruments at FVPL	15,811	15,433	15,811	15,433
	15,811	15,701	15,811	15,705

	Company			
	Carrying value		Fair value	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Financial assets at amortised cost	-	268	-	272
Financial instruments at FVPL	14,627	13,448	14,627	13,448
	14,627	13,716	14,627	13,720

Interest income recognised on financial instruments at amortised cost is S\$37,000 (2022: S\$38,000). This is disclosed as "Interest income" in the consolidated statement of comprehensive income.

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20. Inventories

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Statement of financial position:				
Finished goods	60,967	52,826	26,939	22,157
Raw materials	2,067	126	-	-
Work-in-progress	474	209	-	-
Packaging materials	151	129	-	-
	63,659	53,290	26,939	22,157

	Group	
	2023 S\$'000	2022 S\$'000
Consolidated statement of profit or loss:		
Inventories recognised as an expense in profit before tax	87,916	93,808
Inclusive of the following charge:		
- Inventories written-off charged to profit or loss included in cost of sales	19	22
- Inventories written-down, net	91	103

21. Trade and other receivables

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Financial assets				
Trade receivables				
- Third parties	2,857	2,772	1,259	208
- Subsidiary corporations	-	-	42,861	25,916
Less: Allowance for expected credit losses	(1,577)	(1,610)	(9,172)	(11,881)
	1,280	1,162	34,948	14,243
Other receivables				
- Third parties	6,831	7,849	1,156	548
- Refundable rental deposits	2,822	2,509	2,338	2,051
- Subsidiary corporations	-	-	21,874	19,882
- Associate	27	12	-	-
- Related company	-	-	27	12
Less: Allowance for expected credit losses	(265)	(262)	(8,867)	(9,370)
	9,415	10,108	16,528	13,123
Total trade and other receivables	10,695	11,270	51,476	27,366
Less: GST and VAT receivables	-	-	(1,259)	(207)
Total trade and other receivables at amortised cost	10,695	11,270	50,217	27,159

Amounts due from subsidiary corporations are unsecured, bear interests ranging from 3.8% to 6.0% (2022: 3.7% to 4.6%) per annum and are to be settled in cash.

Amount due from an associate and a related company are unsecured, interest-free and receivable on demand.

Refundable rental deposits are deposits placed with lessors. These deposits are unsecured and non-interest bearing and refundable upon termination of leases.

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21. Trade and other receivables (cont'd)

The movement in the Group's and Company's expected credit losses on trade receivables are as follows:

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Movement in allowance accounts:				
Beginning of financial year	1,610	1,556	11,881	16,872
Charge for the financial year	40	-	370	268
Write-back for the financial year	(17)	(16)	(3,079)	(5,259)
Foreign exchange difference	(56)	70	-	-
End of financial year (Note 33(b))	1,577	1,610	9,172	11,881

The movement in allowance for expected credit losses used to record the impairment of the Group's and Company's other receivables are as follows:

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Movement in allowance accounts:				
Beginning of financial year	262	264	9,370	9,682
Charge for the financial year	15	12	639	-
Write-back for the financial year	-	-	(1,142)	(312)
Foreign exchange difference	(12)	(14)	-	-
End of financial year	265	262	8,867	9,370

22. Other assets

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Advances to suppliers	9,535	17,360	7,736	15,016
Prepayments	8,492	11,528	790	436
	18,027	28,888	8,526	15,452

23. Cash and cash equivalents

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Cash at banks	573,960	477,389	429,967	267,046
Cash pledged for bank facilities	29,825	3,004	8,435	3,000
Cash pledged for security deposits	4,280	4,438	-	-
	608,065	484,831	438,402	270,046

Cash at banks

These balances include bank balances and short-term deposits with a maturity of less than 90 days. The rate of interest for the cash on interest earning balances is between 0.05% to 5.8% (2022: 0.05% to 7.2%) per annum.

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23. Cash and cash equivalents (cont'd)

Cash pledged for bank facilities

This is pledged to certain banks to secure banking facilities granted to the Group and the Company. The Group and the Company utilised S\$15,000,000 of these banking facilities during the reporting date as detailed in Note 26 to the financial statements.

Cash pledged for security deposits

This relates to security deposits required by authorities in China and Vietnam for direct selling licences and are restricted in use.

For the purpose of presenting consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2023 S\$'000	2022 S\$'000
Cash and bank balances (as above)	608,065	484,831
Less: Cash pledged for bank facilities	(29,825)	(3,004)
Less: Cash pledged for security deposits	(4,280)	(4,438)
Cash and cash equivalents per consolidated statement of cash flows	573,960	477,389

24. Trade and other payables

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Trade payables				
- Third parties	5,496	6,608	4,903	2,393
Other payables				
- Third parties	81,253	94,400	4,682	5,406
- Subsidiary corporations	-	-	1,706	970
	81,253	94,400	6,388	6,376
Accrued operating expenses	51,788	50,382	35,135	39,519
Total trade and other payables	138,537	151,390	46,426	48,288
Less: GST and VAT payables	(260)	(3,978)	-	-
Total trade and other payables at amortised cost	138,277	147,412	46,426	48,288

Amounts due to subsidiary corporations are unsecured, interest-free and repayable on demand.

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25. Right-of-use assets and lease liabilities

As a lessee

The Group has leases for its office spaces, warehouse, a factory property and equipment. The Group's obligations under its lease is secured by the lessor's title to the leased asset. Generally, the Group is restricted from assigning and subleasing the leased asset.

The Group also has leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:

	Office spaces S\$'000	Factory property S\$'000	Equipment S\$'000	Total S\$'000
Group				
At 1 January 2022	13,407	1,561	20	14,988
Additions	13,335	403	81	13,819
Termination of lease	(1,048)	-	(19)	(1,067)
Lease modification	-	45	-	45
Foreign exchange difference	(857)	-	-	(857)
Depreciation charge (Note 9)	(5,358)	(61)	(11)	(5,430)
At 31 December 2022	19,479	1,948	71	21,498
Additions	7,897	-	-	7,897
Lease modification	384	-	-	384
Foreign exchange difference	(5)	-	-	(5)
Depreciation charge (Note 9)	(6,286)	(62)	(24)	(6,372)
At 31 December 2023	21,469	1,886	47	23,402

	Office spaces	
	2023 S\$'000	2022 S\$'000
Company		
At 1 January	8,803	2,493
Additions	5,714	8,105
Lease modification	181	-
Depreciation charge	(2,654)	(1,795)
At 31 December	12,044	8,803

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Current	5,192	5,154	1,648	2,142
Non-current	17,337	15,502	10,086	6,230
Total	22,529	20,656	11,734	8,372

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25. Right-of-use assets and lease liabilities (cont'd)

A reconciliation of lease liabilities is as follows:

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Beginning of financial year	20,656	14,062	8,372	2,388
Additions	7,417	12,932	5,234	7,621
Lease modification	384	47	181	-
Accretion of interest	1,151	507	527	166
Termination of lease	-	(1,067)	-	-
Foreign exchange difference	15	(843)	-	-
Payments	(7,094)	(4,982)	(2,580)	(1,803)
End of financial year	22,529	20,656	11,734	8,372

The maturity analysis of lease liabilities is disclosed in Note 33(c) to the financial statements.

Amounts recognised in profit or loss are as follows:

	Group	
	2023 S\$'000	2022 S\$'000
Operating lease expense relating to short-term leases	79	85
Depreciation of right-of-use assets	6,372	5,430
Interest expense on lease liabilities	1,151	507
Loss on lease modification	-	2

The total cash outflows for leases are as follows:

	Group	
	2023 S\$'000	2022 S\$'000
Repayment of lease liabilities	7,094	4,982
Operating lease expense relating to short-term leases	79	85
Total cash outflows for leases	7,173	5,067

26. Borrowings

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Current:				
Variable borrowings:				
- within one year	15,000	-	15,000	-

The Group's and the Company's borrowings are subject to weighted average interest rate of 5.46% per annum and will mature within next 12 months. The fair values of borrowings approximate their carrying amounts.

At 31 December 2023, the entire borrowings amounting to S\$15,000,000 are secured over cash deposits pledged as detailed in Note 23 to the financial statements.

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26. Borrowings (cont'd)

A reconciliation of borrowings is as follows:

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Beginning of financial year	-	-	-	-
Additions	15,000	-	15,000	-
Accretion of interest	476	-	476	-
Payments	(476)	-	(476)	-
End of financial year	15,000	-	15,000	-

27. Other financial liabilities

	Group			
	Carrying value		Fair value	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Non-current:				
<i>Financial instruments at FVPL:</i>				
Put option - Pedal Pulses Limited	12,624	11,401	12,624	11,401
Current:				
<i>Financial instruments at FVPL:</i>				
Forward contract	31	43	31	43
Total other financial liabilities (current and non-current)	12,655	11,444	12,655	11,444

	Company			
	Carrying value		Fair value	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Current:				
<i>Financial instruments at FVPL:</i>				
Forward contract	31	43	31	43

A reconciliation of other financial liabilities as at 31 December 2023 and 2022 is as follows:

	1 January 2023 S\$'000	Fair value adjustment S\$'000	Foreign exchange movement S\$'000	31 December 2023 S\$'000
Group				
Non-current:				
Put option - Pedal Pulses Limited	11,401	770	453	12,624
Current:				
Forward contract	43	(12)	-	31
	11,444	758	453	12,655

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27. Other financial liabilities (cont'd)

A reconciliation of other financial liabilities as at 31 December 2023 and 2022 is as follows: (cont'd)

	1 January 2022 S\$'000	Fair value adjustment S\$'000	Foreign exchange movement S\$'000	31 December 2022 S\$'000
Group				
Non-current:				
Put option - Pedal Pulses Limited	18,796	(5,623)	(1,772)	11,401
Current:				
Forward contract	-	43	-	43
	18,796	(5,580)	(1,772)	11,444

	1 January S\$'000	Fair value adjustment S\$'000	31 December S\$'000
Forward contract			
Company			
2023	43	(12)	31
2022	-	43	43

28. Provisions

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Non-current:				
Provision for reinstatement	1,605	1,111	964	484
Current:				
Provision for reinstatement	882	882	882	882
Provision for convention expenses	34,000	34,014	-	-
	34,882	34,896	882	882

Provision for convention expenses

Provision for convention expenses are to be incurred for the Group's convention expected to be held during the financial year ending 31 December 2024.

Provision for reinstatement

Provision for reinstatement are to be incurred for the Group's and Company's leased units.

Movements in provision for reinstatement during the financial year are as follows:

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Beginning of financial year	1,993	1,306	1,366	1,082
Addition	494	687	480	284
End of financial year	2,487	1,993	1,846	1,366

It is expected that most of these costs will be incurred upon termination of the leases.

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29. Share capital

(a) *Share capital*

	Group and Company			
	2023		2022	
	No. of shares '000	S\$'000	No. of shares '000	S\$'000
Beginning of financial year	451,013	20,618	554,392	20,618
Share purchased and cancelled	-	-	(103,379)	-
End of financial year	451,013	20,618	451,013	20,618

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

Pursuant to two Off-Market Equal Access Offers, the Company purchased and cancelled 54,410,011 and 48,969,010 of its own shares from shareholders at the offer price of S\$1.36 for each share on 8 March 2022 and 17 June 2022 respectively. The total consideration paid for share purchased was approximately S\$140,596,000.

(b) *Treasury shares*

	Group and Company			
	2023		2022	
	No. of shares '000	S\$'000	No. of shares '000	S\$'000
Beginning of financial year	14,893	(18,275)	10,292	(10,591)
Share buyback – held as treasury shares	5,675	-	4,601	(7,684)
End of financial year	20,568	(18,275)	14,893	(18,275)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

For the financial year ended 31 December 2023, the Company purchased 5,675,000 of its ordinary shares by way of on-market purchase at share price ranging from S\$1.63 to S\$2.08 to be held as treasury shares. S\$10.0 million was paid out of profits of the Company.

For the financial year ended 31 December 2022, the Company purchased 4,600,900 of its ordinary shares by way of on-market purchase at share price ranging from S\$1.61 to S\$1.76 to be held as treasury shares. S\$7.7 million was paid out of cash by the Company.

30. Other reserves

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Currency translation reserve	(4,833)	(1,005)	-	-
Statutory reserve	33,384	33,384	-	-
Others	(787)	(787)	322	322
	27,764	31,592	322	322

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30. Other reserves (cont'd)

Currency translation reserve

The currency translation reserve is used to record foreign exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Statutory reserve

In accordance with the relevant regulations applicable to the subsidiary corporations in the China and Taiwan, the subsidiary corporations are required to make appropriation to Statutory Reserve Fund ("SRF") based on 10% of statutory profits after tax until the cumulative total of the SRF reaches 50% and 100% of the subsidiary corporations' registered capital for China and Taiwan, respectively. Subject to approval from the relevant authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary corporations. The SRF is not available for dividend distribution to shareholders.

Others

Others relate to the effects of:

- (a) A change in ownership interests in a subsidiary corporation when there was no change in control during the financial year ended 31 December 2017;
- (b) Transfer of treasury shares under fulfilment of equity settled share awards granted to employees under the performance share scheme during the financial year ended 31 December 2019; and
- (c) A restructuring exercise in respect of its subsidiary corporations in Indonesia where there was no change in effective shareholding and control during the financial year ended 31 December 2019.

Other reserves are non-distributable.

31. Related parties transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant transactions between the Group and its related parties on rates and terms agreed between the parties during the financial year:

	Group	
	2023 S\$'000	2022 S\$'000
<i>With companies related to directors of the Company</i>		
Consultancy fee expenses	(145)	(22)
Gift expenses	(14)	(12)
<i>With persons related to directors of the Company</i>		
Sale of goods	72	105
Commission expenses	(820)	(598)
Marketing fee	(135)	(190)
Consultancy fee expenses	(128)	(148)

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31. Related parties transactions (cont'd)

(b) *Compensation of key management personnel*

The remuneration of Directors and other members of key management of the Group and of the Company during the financial year are as follows:

	Group	
	2023 S\$'000	2022 S\$'000
Short-term employee benefits	35,317	39,615
Central Provident Fund contributions and other pension contributions	292	297
Total compensation paid to key management personnel	35,609	39,912
Short-term employee benefits paid to the key management personnel comprised:		
- Directors of the Company	28,501	32,383
- Other key management personnel	7,108	7,529
	35,609	39,912

32. Commitments

(a) *Operating lease commitments - as lessor*

The Group has entered into a commercial property lease on its investment property. The non-cancellable lease has a fixed monthly rental charge and a remaining lease term of 13 months (2022: 13 months).

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting date are as follows:

	Group	
	2023 S\$'000	2022 S\$'000
Not later than one year	125	125
Later than one year and not later than five years	10	10
	135	135

(b) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting date but not recognised in the financial statements is as follows:

	Group	
	2023 S\$'000	2022 S\$'000
Capital commitments in respect of property, plant and equipment	855	2,610

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33. Financial risk management

Financial risk factors

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk (including equity price risk and currency risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been, throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. Guidelines set up the short-term and long-term objectives and actions to be taken in order to manage the financial risks. Such guidelines include:

- Minimise interest rate, currency, credit and market risk for all kinds of transactions;
- Maximise the use of "natural hedge", favouring as much as possible the natural offsetting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk;
- All financial risk management activities are carried out and monitored by senior management staff;
- All financial risk management activities are carried out following good market practices;
- When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Market risk

(i) *Equity price risk*

Equity price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest of exchange rates). The Group is exposed to market price risk arising from its investments in quoted investment funds and are held as financial instruments at FVPL (Note 19). The Group does not have exposure to commodity price risk.

The Group's objective is to preserve capital and generate stable and consistent returns through investments in securities. The Group has signed an agreement with a financial institution to manage the Investment Portfolio ("Portfolio"). The following are the restrictions on the Portfolio:

1. Up to 100% of the Portfolio may be invested into the United SGD Fund;
2. Up to 30% of the Portfolio may be invested into the United High Grade Corporate Bond Fund; and
3. Up to 100% of the Portfolio may be invested or held in cash, cash equivalents and fixed deposits.

The Portfolio aims to target returns of 3.0% per annum. Any deviation from this policy is required to be approved by the CEO and Audit Committee. At the end of the reporting date, the entire Portfolio of the Group comprise quoted investment securities.

At the end of the reporting date, if the price of the funds held had been 10% (2022: 10%) higher/lower with all other variables held constant, the Group's profit before income tax would have been S\$1,463,000 (2022: S\$1,345,000) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments.

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33. Financial risk management (cont'd)

Financial risk factors (cont'd)

(a) Market risk (cont'd)

(ii) Currency risk

The Group and the Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Chinese Yuan (RMB), British Pound (GBP) and United States Dollar (USD).

The Group's currency exposure based on information provided to key management is as follows:

	RMB S\$'000	GBP S\$'000	USD S\$'000	Total S\$'000
Group				
2023				
Financial assets:				
Other financial assets	-	1,184	14,627	15,811
Cash and cash equivalents	55,496	818	77,680	133,994
	55,496	2,002	92,307	149,805
Financial liabilities:				
Trade and other payables	163	-	1,864	2,027
Other financial liabilities	-	12,624	31	12,655
	163	12,624	1,895	14,682
Total net financial assets/(liabilities)	55,333	(10,622)	90,412	135,123

	RMB S\$'000	GBP S\$'000	USD S\$'000	Total S\$'000
Group				
2022				
Financial assets:				
Other financial assets	-	1,985	13,716	15,701
Cash and cash equivalents	382	56	125,097	125,535
	382	2,041	138,813	141,236
Financial liabilities:				
Trade and other payables	874	-	1,402	2,276
Other financial liabilities	-	11,401	43	11,444
	874	11,401	1,445	13,720
Total net financial (liabilities)/assets	(492)	(9,360)	137,368	127,516

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33. Financial risk management (cont'd)

Financial risk factors (cont'd)

(a) Market risk (cont'd)

(ii) *Currency risk (cont'd)*

The Company's currency exposure based on information provided to key management is as follows:

	RMB S\$'000	GBP S\$'000	USD S\$'000	Total S\$'000
Company				
2023				
Financial assets:				
Trade and other receivables	23,018	-	2,321	25,339
Other financial assets	-	-	14,627	14,627
Cash and cash equivalents	55,496	816	74,796	131,108
	78,514	816	91,744	171,074
Financial liabilities:				
Trade and other payables	163	-	1,307	1,470
Other financial liabilities	-	-	31	31
	163	-	1,338	1,501
Total net financial assets	78,351	816	90,406	169,573

	RMB S\$'000	GBP S\$'000	USD S\$'000	Total S\$'000
Company				
2022				
Financial assets:				
Trade and other receivables	10,027	-	407	10,434
Other financial assets	-	-	13,716	13,716
Cash and cash equivalents	382	-	124,139	124,521
	10,409	-	138,262	148,671
Financial liabilities:				
Trade and other payables	184	-	1,348	1,532
Other financial liabilities	-	-	43	43
	184	-	1,391	1,575
Total net financial assets	10,225	-	136,871	147,096

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33. Financial risk management (cont'd)

Financial risk factors (cont'd)

(a) Market risk (cont'd)

(ii) Currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before income tax to a reasonably possible change in the foreign currencies against the respective functional currencies of the Group entities, with all other variables held constant.

	Increase/(decrease) Profit before income tax	
	2023 S\$'000	2022 S\$'000
Group		
RMB		
- Strengthened 10% (2022: 10%)	5,533	(49)
- Weakened 10% (2022: 10%)	(5,533)	49
GBP		
- Strengthened 10% (2022: 10%)	(1,062)	(936)
- Weakened 10% (2022: 10%)	1,062	936
USD		
- Strengthened 10% (2022: 10%)	9,041	13,737
- Weakened 10% (2022: 10%)	(9,041)	(13,737)

The following table demonstrates the sensitivity of the Company's profit before income tax to a reasonably possible change in the foreign currencies against the functional currencies of the Company, with all other variables held constant.

	Increase/(decrease) Profit before income tax	
	2023 S\$'000	2022 S\$'000
Company		
RMB		
- Strengthened 10% (2022: 10%)	7,835	1,023
- Weakened 10% (2022: 10%)	(7,835)	(1,023)
GBP		
- Strengthened 10% (2022: 10%)	82	-
- Weakened 10% (2022: 10%)	(82)	-
USD		
- Strengthened 10% (2022: 10%)	9,041	13,687
- Weakened 10% (2022: 10%)	(9,041)	(13,687)

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33. Financial risk management (cont'd)

Financial risk factors (cont'd)

(a) Market risk (cont'd)

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group's and the Company's exposure to cash flow interest rate risks arises mainly from current variable-rate borrowings.

The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If the SGD interest rates had been higher/lower by 0.50% with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by S\$62,250 (2022: S\$Nil) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risks by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that credit review, which takes into account qualitative and quantitative factors like business performance and profile of the customers, is performed and approved by management before credit is granted. Customer's payment profile and credit exposures are monitored on an ongoing basis by the Financial Controller.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting date.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 30 to 120 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

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33. Financial risk management (cont'd)

Financial risk factors (cont'd)

(b) Credit risk (cont'd)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Trade receivables

The Group and the Company provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group and the Company's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region.

Summarised below is the information about the credit risk exposure on the Group and the Company's trade receivables using provision matrix:

	Less than 30 days S\$'000	31 to 60 days S\$'000	61 to 90 days S\$'000	More than 90 days S\$'000	Total S\$'000
Group					
31 December 2023					
Gross carrying amount	929	248	2	1,678	2,857
Allowance for ECL	-	-	-	(1,577)	(1,577)
Net carrying amount	929	248	2	101	1,280
31 December 2022					
Gross carrying amount	491	18	382	1,881	2,772
Allowance for ECL	-	-	-	(1,610)	(1,610)
Net carrying amount	491	18	382	271	1,162
Company					
31 December 2023					
Gross carrying amount	23,307	10,541	427	9,845	44,120
Allowance for ECL	(75)	(36)	(34)	(9,027)	(9,172)
Net carrying amount	23,232	10,505	393	818	34,948
31 December 2022					
Gross carrying amount	11,938	1,880	307	11,999	26,124
Allowance for ECL	(59)	(43)	(40)	(11,739)	(11,881)
Net carrying amount	11,879	1,837	267	260	14,243

Information regarding loss allowance movement of trade and other receivables are disclosed in Note 21 to the financial statements.

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33. Financial risk management (cont'd)

Financial risk factors (cont'd)

(b) Credit risk (cont'd)

Excessive risk concentration

Concentration risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

At the end of the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profiles

The credit risk concentration profile of the Group's and Company's trade receivables due from third parties at the end of the reporting date is as follows:

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Top customer	242	377	-	1

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risks arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manages its liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions. In addition, the Group and the Company also maintain surplus cash for future investment opportunities.

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33. Financial risk management (cont'd)

Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting date based on contractual undiscounted repayment obligations:

	Less than one year S\$'000	One to five years S\$'000	More than five years S\$'000	Total S\$'000
Group				
31 December 2023				
Financial assets:				
Trade and other receivables	10,695	-	-	10,695
Other financial assets	14,627	1,184	-	15,811
Cash and cash equivalents	608,065	-	-	608,065
	633,387	1,184	-	634,571
Financial liabilities:				
Trade and other payables	138,277	-	-	138,277
Other financial liabilities	31	12,624	-	12,655
Lease liabilities	6,411	16,403	5,226	28,040
Bank borrowings	15,073	-	-	15,073
	159,792	29,027	5,226	194,045
Total net undiscounted financial assets/ (liabilities)	473,595	(27,843)	(5,226)	440,526
31 December 2022				
Financial assets:				
Trade and other receivables	11,270	-	-	11,270
Other financial assets	13,716	1,985	-	15,701
Cash and cash equivalents	484,831	-	-	484,831
	509,817	1,985	-	511,802
Financial liabilities:				
Trade and other payables	147,412	-	-	147,412
Other financial liabilities	43	11,401	-	11,444
Lease liabilities	5,897	15,624	2,185	23,706
	153,352	27,025	2,185	182,562
Total net undiscounted financial assets/ (liabilities)	356,465	(25,040)	(2,185)	329,240

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33. Financial risk management (cont'd)

Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting date based on contractual undiscounted repayment obligations: (cont'd)

	Less than one year S\$'000	One to five years S\$'000	More than five years S\$'000	Total S\$'000
Company				
31 December 2023				
Financial assets:				
Trade and other receivables	50,217	-	-	50,217
Other financial assets	14,627	-	-	14,627
Cash and cash equivalents	438,402	-	-	438,402
	503,246	-	-	503,246
Financial liabilities:				
Trade and other payables	46,426	-	-	46,426
Other financial liabilities	31	-	-	31
Lease liabilities	2,367	9,226	2,979	14,572
Bank borrowings	15,073	-	-	15,073
	63,897	9,226	2,979	76,102
Total net undiscounted financial assets/ (liabilities)	439,349	(9,226)	(2,979)	427,144
31 December 2022				
Financial assets:				
Trade and other receivables	27,159	-	-	27,159
Other financial assets	13,716	-	-	13,716
Cash and cash equivalents	270,046	-	-	270,046
	310,921	-	-	310,921
Financial liabilities:				
Trade and other payables	48,288	-	-	48,288
Other financial liabilities	43	-	-	43
Lease liabilities	2,531	7,077	-	9,608
	50,862	7,077	-	57,939
Total net undiscounted financial assets/ (liabilities)	260,059	(7,077)	-	252,982

Undrawn available credit facilities

At the end of the reporting date, the Group has undrawn available credit facilities with certain banks of S\$35,187,000 (2022: S\$35,319,000). The undrawn credit facilities are available for operating activities and to settle other commitments. Credit facilities are maintained to ensure funds are available for the operations.

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33. Financial risk management (cont'd)

Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

The following assets are pledged to banks to secure bank facilities granted by the bank as at 31 December 2023:

- Other financial assets of the Company at carrying value of S\$2,275,000 (31 December 2022: S\$2,194,000); and
- Certain fixed deposits of the Group of S\$29,825,000 (31 December 2022: S\$3,000,000).

(d) Capital risk

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 2022 respectively.

In order to maintain its listing on the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Company has to have share capital with at least a free float of 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the financial year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the financial year.

As disclosed in Note 30 to the financial statements, certain subsidiary corporations of the Group are required by the respective regulations in China and Taiwan to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary corporations for the financial years ended 31 December 2023 and 2022 respectively.

Management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

The Group does not have bank borrowings as at 31 December 2022. As such, the debt-to adjusted capital ratio may not provide a meaningful indicator of the risk from borrowings.

The Group has bank borrowings and maintains a low level of debt-to adjusted capital ratio as at 31 December 2023.

(e) Fair value measurement

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value measurement disclosure of other financial assets that are recognised or measured at fair value, can be found, Note 19 to the financial statements.

There were no transfers between the levels of fair value measurements during the financial years ended 31 December 2023 and 2022 respectively.

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33. Financial risk management (cont'd)

Financial risk factors (cont'd)

(e) Fair value measurement (cont'd)

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 date:

	Quoted prices in active markets for identical instruments (level 1) S\$'000	Significant unobservable inputs (level 3) S\$'000
Group		
2023		
Recurring fair value measurements assets:		
Other financial assets (Note 19)		
- Financial instruments at FVPL	14,627	-
- Call option - Pedal Pulses Limited	-	1,184
Recurring fair value measurements liabilities:		
Other financial liabilities (Note 27)		
- Forward contract	-	(31)
- Put option - Pedal Pulses Limited	-	(12,624)
2022		
Recurring fair value measurements assets:		
Other financial assets (Note 19)		
- Financial instruments at FVPL	13,448	-
- Call option - Pedal Pulses Limited	-	1,985
Recurring fair value measurements liabilities:		
Other financial liabilities (Note 27)		
- Fair value loss on forward contract	-	(43)
- Put option - Pedal Pulses Limited	-	(11,401)

There were no assets and liabilities measured at fair value measurement at Level 2 hierarchy.

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33. Financial risk management (cont'd)

Financial risk factors (cont'd)

(e) Fair value measurement (cont'd)

(i) Information about significant unobservable inputs used in level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Financial instrument	Valuation techniques	Unobservable inputs	Average rate	
			2023 %	2022 %
Call option - Pedal Pulses Limited	Black-Scholes-Merton model	Risk-free rate	4.12	3.48
		Spread	2.00	2.00
		Volatility rate	32.10	32.00
Put option - Pedal Pulses Limited	Black-Scholes-Merton model	Risk-free rate	4.12	3.48
		Spread	2.00	2.00
		Volatility rate	32.10	32.00

Relationship of unobservable inputs to fair value assets and fair value liabilities

	Pedal Pulses Limited	
	Call option	Put option
	Fair value assets	Fair value liabilities
Risk free rate		
- Increase	Increase	Decrease
- Decrease	Decrease	Increase
Spread		
- Increase	Decrease	Increase
- Decrease	Increase	Decrease
Volatility rate		
- Increase	Increase	Increase
- Decrease	Decrease	Decrease

(ii) Movements in Level 3 assets measured at fair value

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

	Fair value measurements at the reporting date using significant unobservable inputs (Level 3)		
	Call option – Pedal Pulses Limited S\$'000	Put option – Pedal Pulses Limited S\$'000	Total S\$'000
Group			
2023			
Beginning of financial year	1,985	(11,401)	(9,416)
Fair value change recognised in profit or loss	(865)	(770)	(1,635)
Foreign exchange difference	64	(453)	(389)
End of financial year	1,184	(12,624)	(11,440)

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33. Financial risk management (cont'd)

Financial risk factors (cont'd)

(e) Fair value measurement (cont'd)

(ii) Movements in Level 3 assets measured at fair value (cont'd)

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3): (cont'd)

	Fair value measurements at the reporting date using significant unobservable inputs (Level 3)		
	Call option – Pedal Pulses Limited S\$'000	Put option – Pedal Pulses Limited S\$'000	Total S\$'000
Group			
2022			
Beginning of financial year	5,662	(18,796)	(13,134)
Fair value change recognised in profit or loss	(3,288)	5,623	2,335
Foreign exchange difference	(389)	1,772	1,383
End of financial year	1,985	(11,401)	(9,416)

(iii) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value, for which fair value is disclosed:

	Quoted prices in active markets for identical assets (level 1) S\$'000	Significant unobservable inputs (level 3) S\$'000	Fair value total S\$'000	Carrying amount S\$'000
Group				
2023				
Assets				
Investment property (Note 13)	-	3,700	3,700	1,054
2022				
Assets				
Investment property (Note 13)	-	3,700	3,700	1,073
Other financial assets (Note 19)				
- Financial instruments at amortised cost	272	-	272	268

Determination of fair value

Description	Valuation techniques	Unobservable input	Average price
2023			
Investment property	Direct comparison method	Price per square foot	S\$2,261
2022			
Investment property	Direct comparison method	Price per square foot	S\$2,537

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33. Financial risk management (cont'd)

Financial risk factors (cont'd)

(e) Fair value measurement (cont'd)

(iii) Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)

As at the end of the reporting date, a 10% variation from the estimated price per square foot with all other variables held constant would increase/decrease the fair value of the investment property by S\$370,000 (2022: S\$370,000).

Management has determined that the carrying amounts of cash and cash equivalents, other financial assets, other assets, trade and other receivables, lease liabilities (current), trade and other payables, contract liabilities and other financial liabilities, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature. The carrying amount of the non-current portion of these financial instruments are either not material or are reasonable approximation of fair values as their interest rate approximates the market lending rate.

(f) Financial instruments by category

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

	Note	Group		Company	
		2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Financial assets:					
<i>Financial assets at fair value through profit or loss</i>					
Other financial assets	19	15,811	15,433	14,627	13,448
<i>Financial assets at amortised cost</i>					
Cash and cash equivalents	23	608,065	484,831	438,402	270,046
Other financial assets	19	-	268	-	268
Trade and other receivables	21	10,695	11,270	50,217	27,159
Total financial assets at amortised cost		618,760	496,369	488,619	297,473
Total financial assets		634,571	511,802	503,246	310,921
Financial liabilities:					
<i>Financial liabilities at fair value through profit or loss</i>					
Other financial liabilities	27	12,655	11,444	31	43
<i>Financial liabilities at amortised cost</i>					
Trade and other payables	24	138,277	147,412	46,426	48,288
Lease liabilities	25	22,529	20,656	11,734	8,372
Bank borrowings	26	15,000	-	15,000	-
Total financial liabilities at amortised cost		175,806	168,068	73,160	56,660
Total financial liabilities		188,461	179,512	73,191	56,703

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34. Segment information

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

- (i) The direct selling segment mainly comprises sales to customers through retail and online channels in Singapore, Malaysia, Indonesia, Thailand, Taiwan, Hong Kong, Macau, Vietnam, Philippines, Korea, Australia, New Zealand, United States, Canada and The United Arab Emirates;
- (ii) The franchise segment comprises sales to independent third parties who are permitted to establish and operate BWL Lifestyle Centres in China and exclusively distribute the products under franchise agreements entered into with the Group. Under the franchise model, the Group sells the products directly to franchisees at wholesale price.
- (iii) The other segment comprises sales to customers at export retail price through retailers in the Myanmar, a manufacturing business in Singapore as well as sales of health supplements manufactured by the Group's Hangzhou factory to wholesalers all over China.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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34. Segment information (cont'd)

	Direct selling S\$'000	Franchise S\$'000	Others S\$'000	Group S\$'000
31 December 2023				
Revenue:				
Sales to external customers (Note A)	292,158	221,277	1,075	514,510
Results:				
Recurring EBITDA (Note B)	77,460	106,302	(13,223)	170,539
Interest income	6,964	5,838	297	13,099
Interest expense	(586)	(695)	(346)	(1,627)
Depreciation	(5,309)	(3,153)	(5,527)	(13,989)
Amortisation	(19)	(5)	(301)	(325)
Share of results of an associate	-	-	(144)	(144)
Share of results of a joint venture	-	-	743	743
Segment profit	78,510	108,287	(18,501)	168,296
Income tax expense				(47,821)
Net profit for the financial year				120,475
Assets:				
Segment assets (Note C)	295,824	392,594	84,773	773,191
Unallocated assets (Note D)				91,677
Total assets				864,868
Liabilities:				
Segment liabilities (Note E)	(44,417)	(153,055)	(7,750)	(205,222)
Unallocated liabilities (Note F)				(69,349)
Total liabilities				(274,571)
Other information:				
Investment in an associate	-	-	1,697	1,697
Investment in a joint venture	-	-	25,528	25,528
Additions to property, plant and equipment	3,357	4,500	3,302	11,159
Additions to intangible assets	17	24	-	41

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34. Segment information (cont'd)

	Direct selling S\$'000	Franchise S\$'000	Others S\$'000	Group S\$'000
31 December 2022				
Revenue:				
Sales to external customers (Note A)	265,084	291,562	702	557,348
Results:				
Recurring EBITDA (Note B)	77,185	132,631	(16,761)	193,055
Interest income	2,631	3,385	280	6,296
Interest expense	(203)	(121)	(183)	(507)
Depreciation	(4,026)	(2,383)	(3,842)	(10,251)
Amortisation	(17)	(4)	(304)	(325)
Share of results of an associate	-	-	(299)	(299)
Share of results of a joint venture	-	-	694	694
Segment profit	75,570	133,508	(20,415)	188,663
Income tax expense				(52,404)
Net profit for the financial year				136,259
Assets:				
Segment assets (Note C)	243,031	303,032	88,180	634,243
Unallocated assets (Note D)				105,843
Total assets				740,086
Liabilities:				
Segment liabilities (Note E)	(42,215)	(163,091)	(9,918)	(215,224)
Unallocated liabilities (Note F)				(41,216)
Total liabilities				(256,440)
Other information:				
Investment in an associate	-	-	4,691	4,691
Investment in a joint venture	-	-	25,600	25,600
Additions to property, plant and equipment	2,165	603	11,915	14,683
Additions to intangible assets	17	6	-	23

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34. Segment information (cont'd)

Notes:

- (A) Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.
- (B) Management reporting system evaluates performances mainly based on a measure of earnings before depreciation, amortisation, interests and income taxes (called "Recurring EBITDA").
- (C) Segment assets consist principally property, plant and equipment, intangible assets, right-of-use assets, inventories, trade receivables and cash and cash equivalents.
- (D) The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	2023 S\$'000	2022 S\$'000
Deferred tax assets	12,066	11,461
Investment property	1,054	1,073
Other intangible asset	7,387	7,629
Investment in a joint venture	25,528	25,600
Investment in an associate	1,697	4,691
Other financial assets	15,811	15,701
Other assets	18,027	28,888
Unallocated amounts	10,107	10,800
Total	91,677	105,843

- (E) Segment liabilities consist principally trade and other payables, contract liabilities, lease liabilities and provisions.
- (F) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	2023 S\$'000	2022 S\$'000
Borrowings	(15,000)	-
Other financial liabilities	(12,655)	(11,444)
Deferred tax liabilities	(10,002)	(9,798)
Income tax payable	(31,692)	(19,974)
Total	(69,349)	(41,216)

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34. Segment information (cont'd)

Geographical information

The Group's operations are located in Singapore, Taiwan, China, Indonesia, Philippines, Thailand, Malaysia, Hong Kong, Macau, Vietnam, Korea and The United Arab Emirates.

The Group's revenue by geographical location of customers, irrespective of the origin of the goods and services and disclosed in Note 4 to the financial statements.

The following table provides an analysis of the Group's non-current assets by geographical location in which the assets are located:

	Group	
	Non-current assets	
	2023 S\$'000	2022 S\$'000
Singapore	94,669	91,297
China	8,943	9,091
Malaysia	3,022	868
Taiwan	1,447	1,576
Other countries	1,239	1,522
Unallocated amounts	27,225	30,291
Total	136,545	134,645

Non-current assets information presented above consist of property, plant and equipment, investment property, right-of-use assets, intangible assets, other intangible asset, investment in a joint venture and investment in an associate as presented in the consolidated statement of financial position.

The following items are included within unallocated amounts:

	Group	
	2023 S\$'000	2022 S\$'000
Investment in an associate	1,697	4,691
Investment in a joint venture	25,528	25,600
Total	27,225	30,291

Information about a major customer

Revenue from one major customer under the franchise segment amounted to S\$67,369,000 (2022: S\$86,845,000), which is more than 10% of the Group's revenue.

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35. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2024 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024) and Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 1-1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting date. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability;
- information about the covenants; and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-7 Statement of Cash Flows and SFRS(I) 7 Financial Statements: Disclosures: Supplier finance arrangements (effective for annual periods beginning on or after 1 January 2024)

The amendments clarify the characteristics of supplier finance arrangements ("SFA") and introduce new disclosures of such arrangements. The objective of the new disclosures is to provide information about supplier finance arrangements that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.

There is a transitional relief of not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances.

The amendments will be effective for annual periods beginning on or after 1 January 2024. Early adoption is permitted.

The Group does not expect any significant impact arising from applying these amendments.

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35. New or revised accounting standards and interpretations (cont'd)

Amendments to SFRS(I) 16 Leases: Lease liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 16 explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

The Group does not expect any significant impact arising from applying these amendments.

36. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Best World International Limited on 28 March 2024.

NOTICE OF EXTRAORDINARY GENERAL MEETING

BEST WORLD INTERNATIONAL LIMITED

(Company Registration Number: 199006030Z)

(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Best World International Limited (“**Company**”) will be held on 19 July 2024 at 9 a.m. at 10 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117438 for the purpose of considering and, if thought fit, passing, with or without modification, the following Resolutions:

All capitalised terms below and defined in the circular to the shareholders of the Company dated 24 June 2024 (“**Circular**”) shall, unless otherwise defined in this Notice, bear the respective meanings ascribed thereto in the Circular.

Shareholders should note that the Ordinary Resolution, Special Resolution 1, and Special Resolution 2 (“Resolutions”) are inter-conditional upon one another. This means that if any of the Resolutions is not approved, the other Resolutions will not be passed. Shareholders should further note that the implementation of the Resolutions is contingent upon the approval and confirmation of the Selective Capital Reduction by the Court.

ORDINARY RESOLUTION: APPROVAL OF THE CAPITALISATION OF RETAINED EARNINGS

THAT subject to and contingent upon the passing of Special Resolutions 1 and 2:

- (a) A sum of S\$377,901,806 forming part of the retained earnings of the Company be capitalised and applied in paying up for the allotment and issuance of new Shares (“**Additional Shares**”). Such Additional Shares shall be allotted, issued and credited as fully paid-up to the Shareholders in the proportion of one Additional Share to one Share held by a Shareholder which will be immediately cancelled in their entirety without any distribution to the Shareholders (collectively, “**Capitalisation**”). The sum of S\$377,901,806 created in the issued and paid-up share capital of the Company shall be utilised for distribution to Shareholders pursuant to the Selective Capital Reduction. Following from the Capitalisation, the Company’s issued and paid-up share capital, presently at S\$2,343,402, will increase to S\$380,245,208.
- (b) The Directors of the Company and each of them be and is hereby authorised to take such steps, make such arrangements, do all such acts and things and exercise such discretion in connection with, relating to or arising from the matters contemplated herein, as they may from time to time consider fit, necessary, desirable or expedient to give effect to such matters and this Ordinary Resolution.

SPECIAL RESOLUTION 1: APPROVAL OF THE SELECTIVE CAPITAL REDUCTION

THAT subject to and contingent upon the passing of Ordinary Resolution and Special Resolution 2:

- (a) Separately and contingent upon the capitalisation and cancellation of Additional Shares contemplated in the preceding Ordinary Resolution taking effect, subject to the confirmation of the High Court of the Republic of Singapore, the issued share capital of the Company be reduced from S\$377,901,806 comprising 427,915,393 Shares to S\$2,343,402 comprising 280,297,500 Shares, and that such reduction be effected by:
 - (i) cancelling 147,617,893 of the Shares, constituting part of the total issued share capital of the Company that are held by the Eligible Shareholders; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) returning the aggregate sum of S\$377,901,806 to Eligible Shareholders in cash, on the basis of S\$2.56 for each ordinary share in the capital of the Company held by each Eligible Shareholder so cancelled.
- (b) The Directors of the Company and each of them be and is hereby authorised to take such steps, make such arrangements, do all such acts and things and exercise such discretion in connection with, relating to or arising from the matters contemplated herein, as they may from time to time consider fit, necessary, desirable or expedient to give effect to such matters and this Special Resolution 1.

SPECIAL RESOLUTION 2: APPROVAL OF THE DELISTING FROM SGX-ST

THAT subject to and contingent upon the passing of Ordinary Resolution and Special Resolution 1:

- (a) The delisting of the Company from the Mainboard of the SGX-ST under Rules 1307 and 1309 of the Listing Manual, be and is hereby approved.
- (b) The Directors of the Company and each of them be and is hereby authorised and empowered to complete and do all such acts and things as they may consider necessary or expedient to give effect to Special Resolution 2, with such modification thereto (if any) as they or he shall think fit in the interests of the Company.

By Order of the Board
Huang Ban Chin
Chief Operating Officer and Executive Director

Date: 24 June 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING

Important Notes:

Physical Meeting

- (1) The Extraordinary General Meeting of the Company (the “EGM”) will be held physically with no option for Shareholders to participate virtually.
- (2) Printed copies of this Circular, Notice of EGM and Proxy Form have been despatched to Shareholders and are also available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s corporate website at the URL <https://bestworld.listedcompany.com/newsroom.html>.
- (3) Please bring along your NRIC/passport so as to enable the Company to verify your identity. Shareholders are requested to arrive early to facilitate the registration process and are advised not to attend the EGM if they are feeling unwell.
- (4) Shareholders (including investors under the Central Provident Fund and the Supplementary Retirement Scheme (“CPF and SRS Investors”)) may participate in the EGM by:
 - (a) attending the EGM in person;
 - (b) raising questions at the EGM or submitting questions in advance of the EGM; and/or
 - (c) voting at the EGM
 - (i) themselves personally; or
 - (ii) through their duly appointed proxy(ies).
- (5) Investors who hold shares through relevant intermediaries as defined in Section 181 of the Companies Act, including CPF and SRS Investors, who wish to participate in the EGM should approach their respective agents at least (7) seven working days before the EGM, so that the necessary arrangements can be made by the relevant agents for their participating in the EGM.

Voting

1. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her behalf at the meeting. Where such member appoints more than one (1) proxy, the proportion of his shareholding concerned to be represented by each proxy shall be specified in the form of proxy. A proxy need not be a Member of the Company.
2. A member of the Company who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

“Relevant Intermediary” has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore.
3. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory.
4. If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
5. The instrument appointing a proxy or proxies, duly completed and signed, must be submitted to the Company in the following manner:
 - (a) by email to IR@bestworld.com.sg; or
 - (b) by depositing a hard copy by post at 20 Pasir Panjang Road, #08-28 Mapletree Business City Singapore 117439,

in either case, by no later than 9 a.m. on 16 July 2024 (being not less than seventy-two (72) hours before the time appointed for holding the EGM or at any adjournment thereof) and in default the Proxy Form for the EGM shall not be treated as valid.

NOTICE OF EXTRAORDINARY GENERAL MEETING

6. A member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
7. Investors who hold shares through relevant intermediaries as defined in Section 18 of the Companies Act, including CPF and SRS investors, who wish to appoint a proxy or proxies (including the Chairman), should approach their respective agents to submit their votes at least seven (7) working days before the EGM in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to vote on their behalf by 9 a.m. on 10 July 2024.
8. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM in accordance with Section 179 of the Companies Act 1967.

Submission of Questions in Advance

- (1) Members may also submit questions relating to the resolutions to be tabled for approval at the EGM in advance of the EGM.
- (2) All questions must be submitted by no later than 9 a.m. on 3 July 2024 through any of the following means:
 - (a) by email to IR@bestworld.com.sg; or
 - (b) by post and lodging the same at 20 Pasir Panjang Road #08-28 Mapletree Business City Singapore 117439, and provide the following particulars, for verification purpose:
 - full name/full company name (as per CDP/CPF/SRS/scrip-based records);
 - NRIC/Passport/UEN number;
 - contact number and email address; and
 - the manner in which you hold in the Company (e.g. via CDP, CPF, SRS and/or scrip).

Please note that the Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

Alternatively, Shareholders may also ask questions during the EGM.

- (3) The Company will endeavour to address all substantial and relevant questions received from shareholders by 13 July 2024, 9 a.m., being not less than seventy-two (72) hours before the closing date and time for the lodgement of the Proxy Form, via SGX-ST's website and the Company's corporate website. The Company will also address any subsequent clarifications sought or follow-up questions during the EGM in respect of substantial and relevant matters. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions will be individually addressed. The responses from the Board and the management of the Company shall thereafter be published on (a) the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements> and (b) the Company's corporate website at the URL <https://bestworld.listedcompany.com/newsroom.html> together with the minutes of the EGM, within one (1) month after the conclusion of the EGM. The minutes will include the responses to substantial and relevant questions received from shareholders which are addressed during the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, or (b) submitting any question prior to the EGM of the Company in accordance with this Notice, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) addressing substantial and relevant questions from members received before the EGM and if necessary, following up with the relevant members in relation to such questions, (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities, and (v) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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**BEST WORLD
INTERNATIONAL LIMITED**

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

IMPORTANT:

- Printed copies of this proxy form will be sent to shareholders of the Company via post. This proxy form has also been made available on the SGXNET at <https://www.sgx.com/securities/company-announcements>.
- Relevant intermediaries (as defined in Section 181(6) of the Singapore Companies Act 1967) may appoint more than two (2) proxies to attend, speak and vote at the extraordinary general meeting ("EGM").
- This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold the Company's shares through CPF agent banks or SRS operators. CPF/SRS investors should contact their respective CPF agent banks or SRS operators if they have any queries regarding appointment of their proxies.
- CPF or SRS investors who wish to vote should approach their respective CPF agent banks or SRS operators to submit their votes at least seven (7) working days before the EGM i.e. by 9 a.m. on 10 July 2024.

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We, _____ (Name) _____ (NRIC/Passport No./Co. Reg. No.)
of _____ (Address)
being a *member/members of Best World International Limited ("**Company**"), hereby appoint:

Name	Address	NRIC/Passport/ Co. Reg. No.	Proportion of Shareholding(s) (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport/ Co. Reg. No.	Proportion of Shareholding(s) (%)

or failing *him/her/them, the Chairman of the Extraordinary General Meeting of the Company ("**EGM**") as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the EGM of the Company to be held on 19 July 2024 at 10 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117438 at 9 a.m. and at any adjournment thereof.

*I/We have directed *my/our proxy/proxies to vote for or against, or to abstain from voting on the Resolutions to be proposed at the EGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies may vote or abstain from voting at *his/their discretion, as *he/they will on any other matters arising at the EGM and/or at any adjournment thereof. The Resolutions proposed at the EGM as indicated hereunder will be put to vote at the EGM by way of poll.

(Please indicate your votes "For", "Against" or to "Abstain" from voting, with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box, you are directing your proxy, who is the Chairman of the EGM, not to vote on the Resolutions on a poll and your votes will not be counted in computing the required majority on a poll.)

NO	RESOLUTIONS	By way of poll		
		For	Against	Abstain
Ordinary Resolution				
1	To approve the Capitalisation (as defined in the circular dated 24 June 2024 to members of the Company) (Ordinary Resolution)			
Special Resolutions				
1	To approve the Selective Capital Reduction (as defined in the circular dated 24 June 2024 to members of the Company) pursuant to the Companies Act 1967 of Singapore (Special Resolution)			
2	To approve the Delisting (as defined in the circular dated 24 June 2024 to members of the Company) of the Company pursuant to Rules 1307 and 1309 of the Listing Manual (Special Resolution)			

Dated this _____ day of _____ 2024

Total Number of Shares Held

Signature of Shareholder(s)
and, Common Seal of Corporate Shareholder

* Delete as appropriate



Notes:

1. Please insert the total number of shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing your proxies or proxies shall be deemed to relate to all the Shares held by you.
2. In relation to the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the EGM, a member (whether individual or corporate) appointing his/her/its proxy(ies) should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instructions as to voting are given, or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
4. The completed proxy form, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must be submitted to the Company in the following manner:
 - (a) by email to IR@bestworld.com.sg; or
 - (b) by depositing a hard copy by post at 20 Pasir Panjang Road #08-28 Mapletree Business City Singapore 117439.in either case, by no later than 9 a.m. on 16 July 2024 (being not less than seventy-two (72) hours before the time appointed for holding the EGM or at any adjournment thereof) and in default the proxy form for the EGM shall not be treated as valid.
5. A shareholder can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

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Affix
Postage
Stamp
Here

BEST WORLD INTERNATIONAL LIMITED

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

Fold along this line

6. The proxy must bring along his/her NRIC/passport so as to enable the Company to verify his/her identity.
7. A shareholder who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where such shareholder appoints two (2) proxies, he/she/it should specify the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.

A shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such shareholder. Where such shareholder appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967
8. An investor who holds Shares under the SRS may attend and cast his/her vote(s). For CPF or SRS investors who wish to appoint the Chairman of the EGM as their proxy, they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the EGM (i.e. by 9 a.m. on 10 July 2024).
9. Completion and submission of the proxy form by a member will not prevent him/her/it from attending, speaking, and voting at the EGM if he/she/it so wishes. The appointment of the proxy(ies) for the EGM will be deemed to be revoked if the member attends the EGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant proxy form(s) to the EGM.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the shareholder being the appointor, is not shown to have Shares entered against the depositor's name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy: By submitting an instrument appointing a proxy(ies) or the Chairman of the Meeting as proxy, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 24 June 2024.

