



# **BEST WORLD INTERNATIONAL LTD**

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

## **Unaudited Condensed Interim Financial Statements For The Year Ended 31 December 2021**

**BEST WORLD INTERNATIONAL LIMITED**  
**Unaudited Condensed Interim Financial Statements**  
**For The Year Ended 31 December 2021**

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in Singapore dollars)

		Group			Group		
		3 months	3 months		12 months	12 months	
		Ended	Ended	Change	Ended	Ended	Change
	Note	31.12.21	31.12.20	%	31.12.21	31.12.20	%
		\$'000	\$'000		\$'000	\$'000	
Revenue	4	184,110	204,259	(9.9)	580,036	548,634	5.7
Cost of sales		<u>(37,205)</u>	<u>(48,494)</u>	(23.3)	<u>(125,120)</u>	<u>(136,784)</u>	(8.5)
Gross profit		146,905	155,765	(5.7)	454,916	411,850	10.5
<u>Other items of income</u>							
Interest income		1,297	493	163.1	4,559	1,455	213.3
Other operating income	6	7,753	1,477	424.9	9,054	3,301	174.3
<u>Other Items of Expense</u>							
Distribution costs	8	(68,284)	(35,384)	93.0	(173,690)	(138,390)	25.5
Administrative expenses	8	(19,101)	(32,792)	(41.8)	(90,349)	(81,489)	10.9
Finance costs		(135)	(13)	938.5	(431)	(464)	(7.1)
Other gains (Other losses), net	7	30	(6,351)	NM	6,028	(2,274)	NM
Share of results of a joint venture		-	137	(100.0)	646	787	(17.9)
Share of results of an associate		<u>(13)</u>	<u>(56)</u>	(76.8)	<u>(179)</u>	<u>(242)</u>	(26.0)
<b>Profit before tax</b>		68,452	83,276	(17.8)	210,554	194,534	8.2
Income tax expense	9	<u>(20,828)</u>	<u>(18,343)</u>	13.5	<u>(60,457)</u>	<u>(59,730)</u>	1.2
<b>Profit for the period</b>		<u>47,624</u>	<u>64,933</u>	(26.7)	<u>150,097</u>	<u>134,804</u>	11.3
<b>Profit attributable to:</b>							
- Owners of the parent company		<b>47,468</b>	<b>64,929</b>	<b>(26.9)</b>	<b>149,838</b>	<b>135,205</b>	<b>10.8</b>
- Non-controlling interests		156	4	NM	259	(401)	NM
<b>Profit for the period</b>		<u>47,624</u>	<u>64,933</u>	(26.7)	<u>150,097</u>	<u>134,804</u>	11.3
<u>Additional notes:</u>							
Gross profit margin		79.8%	76.3%		78.4%	75.1%	
Net profit margin		25.8%	31.8%		25.8%	24.6%	
Earnings per share (cents)	22	8.72	11.93		27.54	24.85	

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021**

**Statement of Comprehensive Income for the year ended 31 December 2021:**

	Group			Group		
	3 months Ended 31.12.21 \$'000	3 months Ended 31.12.20 \$'000	Change %	12 months Ended 31.12.21 \$'000	12 months Ended 31.12.20 \$'000	Change %
<b>Profit for the period, net of tax</b>	47,624	64,933	(26.7)	150,097	134,804	11.3
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	1,836	(4,719)	NM	7,619	(70)	NM
<b>Other comprehensive income for the period, net of tax</b>	1,836	(4,719)	NM	7,619	(70)	NM
<b>Total comprehensive income for the period</b>	<u>49,460</u>	<u>60,214</u>	NM	<u>157,716</u>	<u>134,734</u>	17.1
Attributable to:						
<b>Owners of the parent company</b>	<b>49,615</b>	<b>60,426</b>	(17.9)	<b>157,794</b>	<b>135,384</b>	16.6
Non-controlling interests	(155)	(212)	(26.9)	(78)	(650)	(88.0)
<b>Total comprehensive income for the period</b>	<u>49,460</u>	<u>60,214</u>	(17.9)	<u>157,716</u>	<u>134,734</u>	17.1

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021**

(Amounts expressed in Singapore dollars)

	Note	Group		Company	
		31.12.21 \$'000	31.12.20 \$'000	31.12.21 \$'000	31.12.20 \$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	63,693	31,518	2,347	3,306
Investment property	11	1,091	1,109	-	-
Intangible assets	12	1,150	1,176	51	39
Other intangible assets	13	7,872	7,744	-	-
Right-of-use assets		14,962	10,749	2,493	4,033
Investment in subsidiaries		-	-	113,303	73,478
Investment in a joint venture	14	38,372	48,958	-	-
Investment in an associate	15	4,994	5,173	-	-
Deferred tax assets		22,144	27,138	-	-
Other financial assets		5,241	5,376	269	791
<b>Total non-current assets</b>		<b>159,519</b>	<b>138,941</b>	<b>118,463</b>	<b>81,647</b>
<b>Current assets</b>					
Inventories	16	88,152	102,787	26,902	27,952
Trade and other receivables	17	6,140	6,712	18,329	126,555
Other assets		20,647	15,282	10,073	8,790
Other financial assets		14,470	12,634	14,470	12,634
Cash and cash equivalents	18	474,827	334,032	298,149	175,104
<b>Total current assets</b>		<b>604,236</b>	<b>471,447</b>	<b>367,923</b>	<b>351,035</b>
<b>Total assets</b>		<b>763,755</b>	<b>610,388</b>	<b>486,386</b>	<b>432,682</b>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Income tax payable		28,495	39,475	11,773	21,984
Trade and other payables	19	149,663	142,519	56,124	69,019
Contract liabilities		626	7,506	-	-
Other financial liabilities		-	800	-	800
Lease liabilities		5,085	3,731	1,367	1,389
Other liabilities		37,056	1,586	1,082	1,239
<b>Total current liabilities</b>		<b>220,925</b>	<b>195,617</b>	<b>70,346</b>	<b>94,431</b>
<b>Net current assets</b>		<b>383,311</b>	<b>275,830</b>	<b>297,577</b>	<b>256,604</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		12,347	8,298	6,125	4,899
Other financial liabilities		19,632	32,798	-	-
Other liabilities		-	23,126	-	-
Lease liabilities		8,948	6,362	1,021	2,388
<b>Total non-current liabilities</b>		<b>40,927</b>	<b>70,584</b>	<b>7,146</b>	<b>7,287</b>
<b>Total liabilities</b>		<b>261,852</b>	<b>266,201</b>	<b>77,492</b>	<b>101,718</b>
<b>Net assets</b>		<b>501,903</b>	<b>344,187</b>	<b>408,894</b>	<b>330,964</b>
<b>Equity, attributable to owner of the company</b>					
Share capital	20	10,027	10,027	10,027	10,027
Retained earnings		456,996	314,810	398,545	320,615
Other reserves		37,531	21,923	322	322
		504,554	346,760	408,894	330,964
Non-controlling interests		(2,651)	(2,573)	-	-
<b>Total equity</b>		<b>501,903</b>	<b>344,187</b>	<b>408,894</b>	<b>330,964</b>
<b>Total equity and liabilities</b>		<b>763,755</b>	<b>610,388</b>	<b>486,386</b>	<b>432,682</b>

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in Singapore dollars)

	Group		Group	
	3 Months Ended 31.12.21	3 Months Ended 31.12.20	12 Months Ended 31.12.21	12 Months Ended 31.12.20
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities:</b>				
Profit before tax	68,452	83,276	210,554	194,534
Interest income	(1,297)	(493)	(4,559)	(1,455)
Interest expenses	135	13	431	464
Depreciation of property, plant and equipment	379	938	2,060	2,275
Depreciation of right-of-use assets	177	1,175	3,248	4,184
Depreciation of an investment property	4	4	18	18
Amortisation of intangible assets	121	57	338	310
Loss on disposal of property, plant and equipment	61	7	40	7
Loss on disposal of other financial asset	162	-	162	-
Expected credit loss on trade and other receivables	(2)	4	-	4
Fair value losses (gains) on foreign exchange derivatives	-	60	(800)	(17)
Fair value losses (gains) on other financial assets	72	(160)	90	(521)
Fair value change in call option - Pedal Pulses Ltd.	265	1,600	(235)	1,600
Fair value change in put option - Pedal Pulses Ltd.	(15,299)	3,204	(14,436)	3,204
Impairment loss on investment in joint venture	10,312	-	10,312	-
Rental concessions	-	(18)	-	(18)
Gain on termination of lease	-	(4)	-	(4)
Gain on lease modification	-	(439)	-	(439)
Inventories written down, net	954	758	947	758
Share of results of a joint venture	-	(137)	(646)	(787)
Share of results of an associate	13	56	179	242
Unrealised exchange difference	6,200	(3,710)	9,855	459
<b>Operating cash flows before changes in working capital</b>	<b>70,709</b>	<b>86,191</b>	<b>217,558</b>	<b>204,818</b>
Inventories	5,780	13,597	13,688	151
Trade and other receivables	2,993	8,840	(28)	8,766
Other assets	12,040	5,974	(5,365)	4,906
Trade and other payables and other liabilities	32,501	50,923	18,591	27,946
Contract liabilities	(10,067)	(56,414)	(6,880)	(37,103)
<b>Cash flows from operations</b>	<b>113,956</b>	<b>109,111</b>	<b>237,564</b>	<b>209,484</b>
Income tax paid	(15,447)	(11,572)	(62,394)	(49,687)
<b>Net cash flows from operating activities</b>	<b>98,509</b>	<b>97,539</b>	<b>175,170</b>	<b>159,797</b>
<b>Cash flows from investing activities:</b>				
Acquisition of a joint venture	-	-	-	(24,762)
Purchase of property, plant and equipment	(8,880)	(5,547)	(34,419)	(12,012)
Proceeds from disposal of property, plant and equipment	(33)	-	-	-
Purchase of Other intangible assets	(359)	-	(359)	-
Purchase of intangible assets	(14)	(3)	(40)	(32)
Purchase of other financial assets	(9)	(318)	(1,370)	(318)
Proceeds from disposal of other financial assets	108	308	108	560
Dividend received from a joint venture	-	-	920	-
Interest received	1,297	493	4,559	1,455
<b>Net cash flows used in investing activities</b>	<b>(7,890)</b>	<b>(5,067)</b>	<b>(30,601)</b>	<b>(35,109)</b>
<b>Cash flows from financing activities:</b>				
Dividends paid on ordinary shares	-	-	-	(27,205)
Payment of lease liabilities	(1,114)	(706)	(3,951)	(4,549)
Interest paid	-	(1)	-	(1)
Decrease (increase) in cash restricted in use	377	151	190	(16)
<b>Net cash flows used in financing activities</b>	<b>(737)</b>	<b>(556)</b>	<b>(3,761)</b>	<b>(31,771)</b>
<b>Net increase in cash and cash equivalents</b>	<b>89,882</b>	<b>91,916</b>	<b>140,808</b>	<b>92,917</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(1,353)</b>	<b>(1,047)</b>	<b>177</b>	<b>28</b>
<b>Cash and cash equivalents, statement of cash flows, beginning balance</b>	<b>380,817</b>	<b>237,492</b>	<b>328,361</b>	<b>235,416</b>
<b>Cash and cash equivalents, statement of cash flows, ending balance</b> Note A	<b>469,346</b>	<b>328,361</b>	<b>469,346</b>	<b>328,361</b>
<b>Note A :</b>				
	Group	Group	Group	Group
	3 Months Ended 31.12.21	3 Months Ended 31.12.20	12 Months Ended 31.12.21	12 Months Ended 31.12.20
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	474,827	334,032	474,827	334,032
Less: Cash pledged and cash restricted in use	(5,481)	(5,671)	(5,481)	(5,671)
<b>Cash and cash equivalents in the consolidated cash flow statement</b>	<b>469,346</b>	<b>328,361</b>	<b>469,346</b>	<b>328,361</b>

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in Singapore dollars)

Group	Attributable to owners of the parent company									
	Total equity	Total	Share capital	Treasury shares	Retained earnings	Foreign currency translation reserve	Statutory reserves	Share-based compensation reserves	Other reserves	Non-controlling interests
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Balance at 1 January 2021</b>	344,187	346,760	20,618	(10,591)	314,810	104	22,606	322	(1,109)	(2,573)
<b><u>Movements in equity</u></b>										
Total comprehensive income (expense) for the period	39,480	39,526	-	-	37,899	1,627	-	-	-	(46)
<b>Balance at 31 March 2021</b>	383,667	386,286	20,618	(10,591)	352,709	1,731	22,606	322	(1,109)	(2,619)
<b><u>Movements in equity</u></b>										
Total comprehensive income for the period	41,967	41,855	-	-	39,370	2,485	-	-	-	112
<b>Balance at 30 June 2021</b>	425,634	428,141	20,618	(10,591)	392,079	4,216	22,606	322	(1,109)	(2,507)
<b><u>Movements in equity</u></b>										
Total comprehensive income for the period	26,809	26,798	-	-	25,101	1,697	-	-	-	11
Transfer to statutory reserve	-	-	-	-	(2,811)	-	2,811	-	-	-
<b>Balance at 30 September 2021</b>	452,443	454,939	20,618	(10,591)	414,369	5,913	25,417	322	(1,109)	(2,496)
<b><u>Movements in equity</u></b>										
Total comprehensive income (expense) for the period	49,460	49,615	-	-	47,468	2,147	-	-	-	(155)
Transfer to statutory reserve	-	-	-	-	(4,841)	-	4,841	-	-	-
<b>Balance at 31 December 2021</b>	<u>501,903</u>	<u>504,554</u>	<u>20,618</u>	<u>(10,591)</u>	<u>456,996</u>	<u>8,060</u>	<u>30,258</u>	<u>322</u>	<u>(1,109)</u>	<u>(2,651)</u>

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in Singapore dollars)

Group	Attributable to owners of the parent company									
	Total equity	Total	Share capital	Treasury shares	Retained earnings	Foreign currency translation reserve	Statutory reserves	Share-based compensation reserves	Other reserves	Non-controlling interests
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Balance at 1 January 2020</b>	236,658	238,581	20,618	(10,591)	223,277	(75)	6,139	322	(1,109)	(1,923)
<b><u>Movements in equity</u></b>										
Total comprehensive income (expense) for the period	14,176	14,393	-	-	13,280	1,113	-	-	-	(217)
<b>Balance at 31 March 2020</b>	250,834	252,974	20,618	(10,591)	236,557	1,038	6,139	322	(1,109)	(2,140)
<b><u>Movements in equity</u></b>										
Total comprehensive income (expense) for the period	28,615	28,623	-	-	28,766	(143)	-	-	-	(8)
<b>Balance at 30 June 2020</b>	279,449	281,597	20,618	(10,591)	265,323	895	6,139	322	(1,109)	(2,148)
<b><u>Movements in equity</u></b>										
Total comprehensive income (expense) for the period	31,729	31,942	-	-	28,230	3,712	-	-	-	(213)
Dividends	(27,205)	(27,205)	-	-	(27,205)	-	-	-	-	-
<b>Balance at 30 September 2020</b>	283,973	286,334	20,618	(10,591)	266,348	4,607	6,139	322	(1,109)	(2,361)
<b><u>Movements in equity</u></b>										
Total comprehensive income (expense) for the period	60,214	60,426	-	-	64,929	(4,503)	-	-	-	(212)
Transfer to statutory reserve	-	-	-	-	(16,467)	-	16,467	-	-	-
<b>Balance at 31 December 2020</b>	<u>344,187</u>	<u>346,760</u>	<u>20,618</u>	<u>(10,591)</u>	<u>314,810</u>	<u>104</u>	<u>22,606</u>	<u>322</u>	<u>(1,109)</u>	<u>(2,573)</u>



**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 DECEMBER 2021**

(Amounts expressed in Singapore dollars)

Company	Attributable to owners of the parent company				
	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Share-based compensation reserves \$'000
<b>Balance at 1 January 2021</b>	330,964	20,618	(10,591)	320,615	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	14,390	-	-	14,390	-
<b>Balance as at 31 March 2021</b>	345,354	20,618	(10,591)	335,005	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	15,133	-	-	15,133	-
<b>Balance as at 30 June 2021</b>	360,487	20,618	(10,591)	350,138	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	6,309	-	-	6,309	-
<b>Balance as at 30 September 2021</b>	366,796	20,618	(10,591)	356,447	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	42,098	-	-	42,098	-
<b>Balance as at 31 December 2021</b>	<u>408,894</u>	<u>20,618</u>	<u>(10,591)</u>	<u>398,545</u>	<u>322</u>
<b>Balance at 1 January 2020</b>	201,871	20,618	(10,591)	191,522	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	30,746	-	-	30,746	-
<b>Balance as at 31 March 2020</b>	232,617	20,618	(10,591)	222,268	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	22,302	-	-	22,302	-
<b>Balance as at 30 June 2020</b>	254,919	20,618	(10,591)	244,570	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	58,963	-	-	58,963	-
Dividend	(27,205)	-	-	(27,205)	-
<b>Balance as at 30 September 2020</b>	286,677	20,618	(10,591)	276,328	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	44,287	-	-	44,287	-
<b>Balance as at 31 December 2020</b>	<u>330,964</u>	<u>20,618</u>	<u>(10,591)</u>	<u>320,615</u>	<u>322</u>

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1. Corporate information

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

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

The principal activities of the Company are those of investment holding and the distribution of nutritional supplement products, personal care products and healthcare equipment.

### 2. Basis of preparation

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

The interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the last unaudited annual financial statements for the year ended 31 December 2020.

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

The figures have not been audited or reviewed by auditors.

#### 2.1 Adoption of new standards

The accounting policies adopted are consistent with those of the used in the most recent audited financial statements except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2021.

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

#### 2.2 Use of judgements and estimates

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

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

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2020.

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

There were no significant changes in critical judgements, estimates and assumptions as compared to the audited consolidated financial statements as at and for the year ended 31 December 2020.

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

The auditors have issued a disclaimer opinion on the Group's financial statements for the financial year ended 31 December 2020 due to the following reasons and updates on the Group's efforts to resolve each audit issue are as follows:

(i) **Business model in China**

The Board had engaged the services of relevant legal advisor to assist in the transition to a full direct selling model in China as and when the relevant authorities are ready to accept our submission for expansion of the coverage of our current direct selling license. This will further mitigate any legal and tax risks of operating in China.

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

Management considers this a historical issue after the transition period into the Franchisee model in 2019 and hence does not affect the FY2020 and FY2021 accounts.

(iii) **Classification of payments to promotional companies**

Under our franchise business in China, the franchisees have entrusted BW Changsha and BWL China to oversee the payment of commissions to their sales representatives through the third party promotion companies since 1 July 2019. In consideration of the third party promotion companies making commission payments to the sales representatives of the franchisees in accordance with BW Changsha's and BWL China's payment structure, withholding and paying the personal income tax of the sales representatives and assisting with recruitment of sales representatives, the service fees payable to the third party promotion companies were recorded as marketing fees as part of distribution costs. These service fees were based on contractual agreements at a rate which is in line with the fees charged by other payment companies that have provided quotes to management in China. Management considers that the classification of the service fees as marketing fees will not impact the net profit and loss of the Group.

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

### **2.3 Updates on the efforts taken to resolve each outstanding audit issue (Cont'd)**

The Board confirms that the impact of the disclaimer of opinion on the recent FY2020 financial statements has been adequately disclosed in the FY2020 annual report.

## **3. Seasonal operations**

Historically, we record lower revenue in the first quarter of the year due to the long Chinese New Year holidays celebrated in our key markets with the exception of 1Q2021. Also, distributors and franchisees would work harder in the fourth quarter of the year in order to achieve their sales target and hence take a longer than usual break in the following month and during the Chinese New Year holiday season.

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

For management purposes, the Group organised its business units, into three reportable operating segments as follows:

- (i) The direct selling segment mainly comprises sales generated directly from member customers through direct selling and online channels for the markets of Singapore, Malaysia, Indonesia, Thailand, Taiwan, Hong Kong, Vietnam, Philippines, Korea, Australia, New Zealand, United States, Canada and United Arab Emirates etc.;
- (ii) The franchise segment comprises sales to independent third parties who are permitted to establish and operate BWL Lifestyle Centres in People's Republic of China and exclusively distribute the products under franchise agreements entered into with the Group. Under the Franchise Model, the Group sells the products directly to franchisees; and
- (iii) The other segment comprises sales to customers at export retail price through retailers in the Myanmar and the manufacturing/wholesale segment comprises sales of health supplements manufactured by the Group's Hangzhou factory to wholesalers all over the People's Republic of China.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

### 4.1 Reportable segments

#### Business Segments

For the year ended 31 December 2021

#### Group

	<u>Direct selling</u>	<u>Franchise</u>	<u>Others</u>	<u>Un- allocated</u>	<u>Total</u>
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
External sales and services	292,849	286,074	1,113	-	580,036
Recurring EBITDA	94,353	118,133	(3,126)	2,196	211,556
Interest income	2,136	2,316	98	9	4,559
Interest expense	(204)	(77)	(95)	(55)	(431)
Depreciation	(3,811)	(1,578)	312	(182)	(5,259)
Amortisation	(16)	(3)	(88)	(231)	(338)
Share of results of a joint venture	-	-	-	646	646
Share of results of an associate	-	-	-	(179)	(179)
Profit (Loss) before tax from continuing operations	92,458	118,791	(2,899)	2,204	210,554
Income tax expense					(60,457)
<b>Profit from continuing operations</b>					<b>150,097</b>
<u>Other segment items</u>					
Additions to property, plant and equipment	563	235	8	33,613	34,419
Additions to intangible assets	30	10	-	-	40
Additions to Other intangible assets	-	-	-	358	358
<u>Assets and liabilities</u>					
Total assets for reportable segments	311,162	302,090	14,964	14,464	642,680
Unallocated:					
Investment property	-	-	-	1,091	1,091
Other intangible assets	-	-	-	7,872	7,872
Investment in a joint venture	-	-	-	38,372	38,372
Investment in an associate	-	-	-	4,994	4,994
Deferred tax assets	-	-	-	22,144	22,144
Other financial assets	-	-	-	19,711	19,711
Other assets	-	-	-	20,647	20,647
Other unallocated amounts	-	-	-	6,244	6,244
<b>Total group assets</b>	<b>311,162</b>	<b>302,090</b>	<b>14,964</b>	<b>135,539</b>	<b>763,755</b>
Total liabilities for reportable segments	(57,748)	(128,052)	(5,286)	(10,292)	(201,378)
Unallocated					
Deferred tax liabilities	-	-	-	(12,347)	(12,347)
Other financial liabilities	-	-	-	(19,632)	(19,632)
Income tax payable	-	-	-	(28,495)	(28,495)
<b>Total group liabilities</b>	<b>(57,748)</b>	<b>(128,052)</b>	<b>(5,286)</b>	<b>(70,766)</b>	<b>(261,852)</b>

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

### 4.1 Reportable segments (Cont'd)

#### Business Segments

For the year ended 31 December 2020

#### Group

	<u>Direct selling</u>	<u>Franchise</u>	<u>Others</u>	<u>Unallocated</u>	<u>Total</u>
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
External sales and services	270,192	276,623	1,819	-	548,634
Recurring EBITDA	81,881	125,380	(1,652)	(5,824)	199,785
Interest income	251	1,003	185	16	1,455
Interest expense	(238)	(171)	-	(55)	(464)
Depreciation	(3,075)	(3,214)	(34)	(154)	(6,477)
Amortisation	(13)	(3)	(63)	(231)	(310)
Share of results of a joint venture	-	-	-	787	787
Share of results of an associate	-	-	-	(242)	(242)
Profit (Loss) before tax from continuing operations	78,806	122,995	(1,564)	(5,703)	194,534
Income tax expense					(59,730)
<b>Profit from continuing operations</b>					<b><u>134,804</u></b>
<u>Other segment items</u>					
Additions to property, plant and equipment	925	649	2	10,436	12,012
Additions to intangible assets	15	17	-	-	32
<u>Assets and liabilities</u>					
Total assets for reportable segments	173,913	268,814	9,173	31,064	482,964
Unallocated:					
Investment property	-	-	-	1,109	1,109
Other intangible assets	-	-	-	7,744	7,744
Investment in a joint venture	-	-	-	48,958	48,958
Investment in an associate	-	-	-	5,173	5,173
Deferred tax assets	-	-	-	27,138	27,138
Other financial assets	-	-	-	18,010	18,010
Other assets	-	-	-	15,282	15,282
Other unallocated amounts	-	-	-	4,010	4,010
<b>Total group assets</b>	<b><u>173,913</u></b>	<b><u>268,814</u></b>	<b><u>9,173</u></b>	<b><u>158,488</u></b>	<b><u>610,388</u></b>
Total liabilities for reportable segments	(77,815)	(102,739)	(38)	(3,958)	(184,550)
Unallocated:					
Deferred tax liabilities	-	-	-	(8,298)	(8,298)
Other financial liabilities	-	-	-	(33,598)	(33,598)
Income tax payable	-	-	-	(39,475)	(39,475)
Deferred grant income	-	-	-	(280)	(280)
<b>Total group liabilities</b>	<b><u>(77,815)</u></b>	<b><u>(102,739)</u></b>	<b><u>(38)</u></b>	<b><u>(85,609)</u></b>	<b><u>(266,201)</u></b>

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

##### 4.2 Disaggregation of revenue

	<b>Group</b>	
	<b>For the year ended</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Primary geographical markets</b>		
Singapore	44,404	27,456
People's Republic of China	287,013	278,295
Taiwan	162,906	166,807
Malaysia	38,154	45,239
Others	47,559	30,837
	<hr/>	<hr/>
Total revenue	580,036	548,634
	<hr/>	<hr/>

	<b>Group</b>	
	<b>For the year ended</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Major operating segments</b>		
Direct selling	292,849	270,192
Franchise	286,074	276,623
Others	1,113	1,819
	<hr/>	<hr/>
Total revenue	580,036	548,634
	<hr/>	<hr/>

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

## 5. Financial assets and financial liabilities

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

	Group		Company	
	31-Dec-21 \$'000	31-Dec-20 \$'000	31-Dec-21 \$'000	31-Dec-20 \$'000
<b>Financial assets:</b>				
<b>Non-Current:</b>				
<i>Financial assets at fair value through profit or loss</i>				
Other financial assets	4,972	4,585	-	-
<i>Financial assets at amortised cost</i>				
Other financial assets	269	791	269	791
<b>Total financial assets (non-current)</b>	<b>5,241</b>	<b>5,376</b>	<b>269</b>	<b>791</b>
<b>Current:</b>				
<i>Financial assets at fair value through profit or loss</i>				
Other financial assets	14,200	12,634	14,200	12,634
<i>Financial assets at amortised cost</i>				
Cash and bank balances	474,827	334,032	298,149	175,104
Other financial assets	270	-	270	-
Trade and other receivables	6,140	4,578	17,687	125,847
Total financial assets at amortised cost (current)	481,237	338,610	316,106	300,951
<b>Total financial assets (current)</b>	<b>495,437</b>	<b>351,244</b>	<b>330,306</b>	<b>313,585</b>
<b>Total financial assets</b>	<b>500,678</b>	<b>356,620</b>	<b>330,575</b>	<b>314,376</b>
<b>Financial liabilities:</b>				
<b>Non-Current:</b>				
<i>Financial liabilities at fair value through profit or loss</i>				
Other financial liabilities	19,632	32,798	-	-
<i>Financial liabilities at amortised cost</i>				
Lease liabilities	8,948	6,362	1,021	2,388
Total financial liabilities (non-current)	28,580	39,160	1,021	2,388
<b>Current:</b>				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	147,940	142,519	56,124	69,019
Other financial liabilities	-	800	-	800
Lease liabilities	5,085	3,731	1,367	1,389
Total financial liabilities at amortised cost (Current)	153,025	147,050	57,491	71,208
<b>Total financial liabilities</b>	<b>181,605</b>	<b>186,210</b>	<b>58,512</b>	<b>73,596</b>



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

### (a) Fair value hierarchy

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

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

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

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

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

The following table shows an analysis of each class of assets and liabilities measured at fair value by level at the end of the reporting period:

	<b>Group As at 31 Dec 2021 \$'000</b>		<b>Group As at 31 Dec 2020 \$'000</b>	
	<b>Fair value measurements at the reporting date using</b>		<b>Fair value measurements at the reporting date using</b>	
	Quoted prices in active markets for identical instruments (Level 1)	Significant unobservable inputs (Level 3)	Quoted prices in active markets for identical instruments (Level 1)	Significant unobservable inputs (Level 3)
<b>Recurring fair value measurements assets:</b>				
Other financial assets				
- Financial instruments at FVPL	14,200	-	12,634	-
- Call option – Pedal Pulses Ltd.	-	4,972	-	4,585
<b>Recurring fair value measurements liabilities:</b>				
Other financial liabilities				
- Put option – Pedal Pulses Ltd.	-	(19,632)	-	(32,798)

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

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

Movements in Level 3 assets measured at fair value

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

	<b>Group</b> \$'000		
	<b>Fair value measurements at the reporting date using significant unobservable inputs (Level 3)</b>		
	<b>Call option derivatives</b>	<b>Put option derivatives</b>	<b>Total</b>
At 1 January 2020	–	–	–
Additions	6,185	(29,594)	(23,409)
Net fair value change in profit or loss	(1,600)	(3,204)	(4,804)
At 31 December 2020, 1 January 2021 and 31 March 2021	4,585	(32,798)	(28,213)
Net fair value change in profit or loss	500	(863)	(363)
At 30 June 2021 and 30 September 2021	5,085	(33,661)	(28,576)
Net fair value change in profit or loss	(265)	15,299	15,034
Foreign exchange adjustment	152	(1,270)	(1,118)
At 31 December 2021	4,972	(19,632)	(14,660)

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

(c) **Assets and liabilities not carried at fair value but for which fair value is disclosed**

The following table shows an analysis of the Group's assets and liabilities not measured at fair value, for which fair value is disclosed:

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

	<b>Group</b>			
	<b>As at 31 December 2020</b>			
	\$'000			
	<b>Quoted prices in active markets for identical assets</b>	<b>Significant unobservable inputs</b>	<b>Fair value Total</b>	<b>Carrying amount</b>
	(Level 1)	(Level 3)		
<b>Assets</b>				
Investment property	–	3,100	3,100	1,109
Other financial assets				
- Financial instruments at amortised cost	611	–	611	791

**6. Other operating income**

	<b>Group</b>	
	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Rental income	304	65
Government grants	7,708	3,026
Miscellaneous income	1,042	210
	<hr/>	<hr/>
	9,054	3,301
	<hr/>	<hr/>

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

	<b>Group</b>	
	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Expected credit loss on trade and other receivables, net	–	(4)
Fair value (loss) gains on other financial assets	(90)	521
Fair value gains on foreign exchange derivatives	800	17
Fair value change in call options	235	(1,600)
Fair value change in put option	14,436	(3,204)
Foreign exchange gains, net	2,097	2,764
Impairment loss on investment in joint venture	(10,312)	–
Inventories written-down	(947)	(758)
Loss on disposal of other financial assets	(162)	–
Loss on disposal of property, plant and equipment	(40)	(7)
Write-back of allowance on trade receivable, net	11	–
Others	–	(3)
	<hr/>	<hr/>
	6,028	(2,274)
	<hr/>	<hr/>

**8. Profit before income tax**

	<b>Group</b>	
	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
	\$'000	\$'000
<u>Included in distribution costs</u>		
Commission expenses	93,961	106,356
Franchise sales related expenses	14,524	13,339
<u>Included in administrative expenses</u>		
Employee benefit expenses	74,294	65,080
Amortisation of intangible assets	107	79
Amortisation of other intangible asset	231	231
Depreciation of right-of-use assets	3,248	4,184
Depreciation of property, plant and equipment	1,993	2,275
Depreciation of investment property	18	18

**9. Income tax expense**

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

	<b>Group</b>	
	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
	\$'000	\$'000
<b>Consolidated statement of profit or loss:</b>		
Current income tax:		
- Current income taxation	44,506	57,120
- Under provision in respect of previous years	949	7,128
- Withholding tax	8,291	6,101
	53,746	70,349
Deferred expenses (income) tax:		
- Origination and reversal of temporary differences	6,563	(10,619)
Income tax expense recognised in profit or loss	60,457	59,730

## 10. Property, plant and equipment

During the year ended 31 December 2021, the Group acquired assets amounting to \$34,419,000 (31 December 2020: \$12,012,000) and disposed of assets amounting to \$1,614,000 (31 December 2020: \$398,000).

## 11. Investment property

	Group	
	As at 31 Dec 2021 \$'000	As at 31 Dec 2020 \$'000
At cost	1,400	1,400
Less: accumulated amortisation	(309)	(291)
Net book value	<u>1,091</u>	<u>1,109</u>

## 12. Intangible assets

	Group		Company	
	As at 31 Dec 2021 \$'000	As at 31 Dec 2020 \$'000	As at 31 Dec 2021 \$'000	As at 31 Dec 2020 \$'000
Goodwill	1,016	1,016	–	–
Licenses	8,873	8,641	–	–
Trademarks	926	908	663	652
Customer relationship	740	740	–	–
	<u>11,555</u>	<u>11,305</u>	<u>663</u>	<u>652</u>
Less: accumulated amortisation	(10,405)	(10,129)	(617)	(613)
Net book value	<u>1,150</u>	<u>1,176</u>	<u>51</u>	<u>39</u>

## 13. Other intangible assets

	Group	
	As at 31 Dec 2021 \$'000	As at 31 Dec 2020 \$'000
At cost	9,096	8,737
Less: accumulated amortisation	(1,224)	(993)
Net book value	<u>7,872</u>	<u>7,744</u>

**14. Investment in a joint venture**

	<b>Group</b>	
	<b>As at 31 Dec 2021</b>	<b>As at 31 Dec 2020</b>
	\$'000	\$'000
Cash consideration paid	24,762	24,762
Fair value of call option as at date of acquisition	(6,185)	(6,185)
Fair value of put option as at date of acquisition	29,594	29,594
Dividend received	(920)	–
Share of post-acquisition results	1,433	787
	<hr/>	<hr/>
	48,684	48,958
Less: Impairment loss charged to profit and loss	(10,312)	–
	<hr/>	<hr/>
	<b>38,372</b>	<b>48,958</b>

**15. Investment in an associate**

	<b>Group</b>	
	<b>As at 31 Dec 2021</b>	<b>As at 31 Dec 2020</b>
	\$'000	\$'000
Shares, at cost	5,625	5,625
Share of post-acquisition results	(631)	(452)
	<hr/>	<hr/>
	4,994	5,173
	<hr/>	<hr/>

**16. Inventories**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Dec 2021</b>	<b>As at 31 Dec 2020</b>	<b>As at 31 Dec 2021</b>	<b>As at 31 Dec 2020</b>
	\$'000	\$'000	\$'000	\$'000
<b>Statement of financial position:</b>				
Finished goods (at lower of cost and net realisable value)	87,874	102,335	26,902	27,952
Raw materials	124	167	–	–
Work-in-progress	–	125	–	–
Packaging materials	154	160	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Total inventories	88,152	102,787	26,902	27,952
	<hr/>	<hr/>	<hr/>	<hr/>

## 17. Trade and other receivables

	Group		Company	
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
<b><i>Trade receivables</i></b>				
Third parties	2,092	4,906	651	726
Amounts due from subsidiaries	–	–	25,776	133,993
Less: Allowance for expected credit losses	(1,501)	(1,512)	(16,872)	(14,414)
	591	3,394	12,555	120,305
<b><i>Other receivables</i></b>				
Third parties	3,982	1,750	1,231	311
Refundable rental deposits	1,950	1,951	1,271	1,335
Amounts due from subsidiaries	–	–	11,673	14,663
Less: Allowance for expected credit losses	(383)	(383)	(8,401)	(10,059)
	5,549	3,318	5,774	6,250
Total trade and other receivables	6,140	6,712	18,329	126,555
Less: GST and VAT receivables	–	(2,134)	(642)	(708)
Total trade and other receivables at amortised cost	6,140	4,578	17,687	125,847

## 18. Cash and bank equivalents

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

	Group		Company	
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
	\$'000	\$'000	\$'000	\$'000
Cash at banks	474,827	334,032	298,149	175,104
Fixed deposits restricted in use	–	(1,000)	–	–
Cash pledged for bank facilities	(48)	(49)	–	–
Cash pledged for security deposits	(5,433)	(4,622)	–	–
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the financial year	469,346	328,361	298,149	175,104



**19. Trade and other payables**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Dec 2021</b>	<b>As at 31 Dec 2020</b>	<b>As at 31 Dec 2021</b>	<b>As at 31 Dec 2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade payables				
- Third parties	7,346	4,552	7,155	3,966
Accrued operating expenses	54,288	90,033	41,030	54,712
	<b>61,634</b>	<b>94,585</b>	<b>48,185</b>	<b>58,678</b>
Other payables				
- Third parties	88,029	47,934	7,939	8,467
- Amount due to subsidiaries	-	-	-	1,874
	<b>88,029</b>	<b>47,934</b>	<b>7,939</b>	<b>10,341</b>
Total trade and other payables	149,663	142,519	56,124	69,019
Less: GST and VAT payables	(1,723)	-	-	-
Total trade and other payables at amortised cost	<b>147,940</b>	<b>142,519</b>	<b>56,124</b>	<b>69,019</b>

**20. Share capital**

**(a) Share Capital**

	<b>Group and Company</b>		<b>Group and Company</b>	
	<b>Issued ordinary shares (excluding treasury shares)</b>		<b>Issued and fully paid up capital (excluding treasury shares)</b>	
	<b>No. of shares</b>		<b>\$'000</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
At 1 January, 31 March, 30 June, 30 September & 31 December	544,100,114	544,100,114	10,027	10,027

**(b) Treasury Shares**

	<b>Group and Company</b>		<b>Group and Company</b>	
	<b>No. of shares</b>		<b>\$'000</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
At 1 January, 31 March, 30 June, 30 September & 31 December	10,291,900	10,291,900	10,591	10,591

For the three months ended 31 December 2021 and 31 December 2020, the company did not purchase its ordinary shares to be held as treasury shares.

The total number of issued ordinary shares excluding treasury shares as at 31 December 2021 and 31 December 2020 was 544,100,114.

There were no outstanding convertibles as at 31 December 2021 and 31 December 2020.

The total number of treasury shares as at 31 December 2021 and 31 December 2020 was 10,291,900.

## 21. Dividend

No dividends have been declared/recommended by the Board for the financial year ended 31 December 2021, in the face of the Group's current circumstances and uncertain business climate, taking into consideration short and medium commitments.

## 22. Earnings per share

	GROUP					
	3 months ended	3 months ended	Change %	12 months ended	12 months ended	Change %
	31.12.21	31.12.20		31.12.21	31.12.20	
Earnings per share of Group:						
(a) Based on weighted average number of ordinary shares on issue (cts); and	8.72	11.93	(26.9)	27.54	24.85	10.8
(b) On a fully diluted basis (cts)	8.72	11.93	(26.9)	27.54	24.85	10.8

For comparative purposes, the earnings per ordinary shares for the three months ended 31 December 2021 and 31 December 2020 are calculated based on the profit for the period of approximately \$47.5 million and \$64.9 million respectively. The earnings per ordinary shares for the year ended 31 December 2021 and 31 December 2020 are calculated based on the profit for the period of approximately \$149.8 million and \$135.2 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the three months ended 31 December 2021 and 31 December 2020 is 544,100,114. The weighted average number of ordinary shares (excluding treasury shares) for the year ended 31 December 2021 and 31 December 2020 is 544,100,114.

**23. Net asset value per share**

	GROUP		COMPANY	
	31.12.21	31.12.20	31.12.21	31.12.20
Net asset value per ordinary shares (cents)	92.73	63.73	75.15	60.83

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 31 December 2021 and 31 December 2020 was 544,100,114.

**24. Borrowings and debt securities**

The Group did not have bank borrowings and debt securities as at 31 December 2021 and 31 December 2020.

**25. Related party transactions**

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

	<b>Group</b>	
	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
	\$'000	\$'000
<b>With companies related to directors of the Company</b>		
Sale of goods	–	7
Commission expenses	–	43
Consultancy fee expenses	–	41
Catering expenses	–	10
<hr/>		
<b>With persons related to directors of the Company</b>		
Sale of goods	61	101
Commission expenses	514	296
Marketing fee	253	225
Travelling allowance	–	16
Consultancy fee expenses	127	20
<hr/>		
<b>With directors of the Company</b>		
Purchase of books	15	–
Royalty fee for books printing	100	–
<hr/>		

## 26. Subsequent event

### *Off market share buyback*

On 17 January 2022, the Company proposed to undertake an off-market purchase of shares in accordance with the share buyback mandate adopted at the annual general meeting of the Company held on 30 September 2021 (the “Equal Access Offer”). Under this Equal Access Offer, the Company will buy back up to approximately 10% of the Company’s issued share capital or 54,410,011 of its own shares from shareholders at the offer price of \$1.36 for each share. The shares bought back will be cancelled.

### *Incorporation of a wholly-owned subsidiary*

On 24 February 2022, the Company and its wholly-owned subsidiary in Hong Kong, Best World Lifestyle (Hong Kong) Company Limited (“**BWLHK**”) has incorporated a wholly-owned subsidiary in Macau Special Administrative Region in the People’s Republic of China, known as BWL Macau Company Limited 全美世界(澳门)有限公司, BWL (Macau), Limitada. (“**BWL Macau**”). The principal activities of BWL Macau are the importation and distribution of cosmetics, skincare, nutritional supplements, personal care products and healthcare equipment.

## OTHER INFORMATION

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

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

### 1. Review

The statements of financial position as at 31 December 2021 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows for the half year period then ended and the selected explanatory notes (the “Condensed Consolidated Interim Financial Statements”) have not been audited or reviewed by the Company’s auditors.

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

#### **Consolidated Statement of Comprehensive Income**

The Group’s profit attributable to owners of the parent company decreased to \$47.5 million in 4Q2021 and increased to \$149.8 million for FY2021, mainly due to the following factors:

- a) The Group recorded a 9.9% decrease in **revenue** for 4Q2021 vis-à-vis the same period last year mainly due to a decline in revenue from China and Taiwan. A reclassification of consultancy fees paid relating to the Franchise Segment required by SFRS(I) 15 which effected a full year impact of \$25.5 million instead of a quarter impact of \$10.1 million resulted in a lower 4Q2020 comparative of \$204.3 million. Assuming only the quarter impact was reclassified, the Group’s revenue in 4Q2020 would be higher at \$219.6 million and the Group’s revenue in 4Q2021 would have declined by 16.2% instead of 9.9%. Despite this

9.9% decline for 4Q2021, the Group registered a 5.7% increase in revenue for FY2021 due to strong growth performance for 1H2021;

- b) **Cost of sales** decreased by \$11.3 million or 23.3% in 4Q2021 when compared to \$48.5 million in 4Q2020 mainly due to decline in revenue during the quarter. As a result, **gross profit margin** increased to 79.8% in 4Q2021 when compared to the same period last year;
- c) **Interest income** increased from \$0.5 million in 4Q2020 to \$1.3 million in 4Q2021 was mainly due to interest derived from the placement of the Group's cash in dual currency deposits with banks which offered higher interest rates in 4Q2021;
- d) **Other operating income** increased from \$1.5 million in 4Q2020 to \$7.8 million in 4Q2021 was mainly attributable to higher government incentive grants received by our China subsidiary in 4Q2021;
- e) In 4Q2021, **distribution costs** increased by \$32.9 million vis-à-vis the same period last year mainly due to marketing and training expenses of our China subsidiary;
- f) Despite the decrease of **administrative expenses** from \$32.8 million in 4Q2020 to \$19.1 million in 4Q2021 due to lower professional fees, as well as management and staff costs, administrative expenses in FY2021 were higher at \$90.3 million vis-à-vis \$81.5 million in FY2020 mainly due to higher management and staff costs;
- g) **Finance costs** increased from \$13,000 in 4Q2020 to \$135,000 in 4Q2021 mainly due to increase in lease interest from our China subsidiary;
- h) **Net other gains** of \$30,000 in 4Q2021 was mainly due to fair value changes to the put and call options in relation to the acquisition of Pedal Pulses Limited offsetting impairment loss on investment in joint venture, net foreign exchange losses from our Indonesia subsidiary and the revaluation losses of the Group's other financial assets and cash and cash equivalents denominated in Chinese Yuan as well as inventories written down;
- i) **Share of results of our joint venture** in Pedal Pulses Limited was nil in 4Q2021 and profits of \$0.6 million in FY2021 due to share of profits offsetting amortisation expenses of intangible assets identified during the recently completed purchase price allocation exercise;
- j) **Share of losses** for our associated company, Celligenics, was \$13,000 in 4Q2021 when compared to \$56,000 in the same period last year; and
- k) The Group recorded a higher **income tax expense** of \$20.8 million in 4Q2021 when compared to \$18.3 million in 4Q2020. The effective tax rate for FY2021 was 28.7% as compared with 30.7% in FY2020.

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

**Total assets** of the Group increased by \$153.4 million from \$610.4 million as at 31 December 2020 to \$763.8 million as at 31 December 2021.

The increase was mainly due to:

- Increase in property, plant and equipment by \$32.2 million mainly attributable to construction in progress in relation to our Tuas facility;
- Increase in right-of-use assets of \$4.2 million due to new leases of various subsidiaries;
- Increase in other assets by \$5.4 million due to import duty and advance payment made to suppliers from Franchise segment;

- Increase in cash and cash equivalents of \$140.8 million due to reasons stated in the consolidated statement of cash flows section below.

The above increase is offset by the decrease in inventory of \$14.6 million from \$102.8 million as at 31 December 2020 to \$88.2 million as at 31 December 2021 due to sufficient inventory buffer as at 31 December 2021, decrease in investment in joint venture of \$10.6 million as a result of impairment loss as well as decrease in deferred tax assets of \$5.0 million due to reversal of unrealised profits from inventory.

**Total liabilities** of the Group decreased by \$4.3 million from \$266.2 million as at 31 December 2020 to \$261.9 million as at 31 December 2021.

The decrease of total liabilities was mainly due to:

- Decrease in contract liabilities of \$6.9 million due to lower deposits received from customers;
- Decrease in income tax payables of \$11.0 million due to tax payment made during the year;
- Decrease in other financial liabilities of \$13.9 million due to fair value changes to the put options in relation to the acquisition of Pedal Pulses Limited;

The above decrease was offset by the increase in other liabilities of \$12.3 million which includes expenses for conventions which are anticipated to be held in 2022 in 3 separate locations due to Covid-19 restrictions, increase of lease liabilities by \$3.9 million mainly due to capitalization of future lease payments from renewal of lease in our China subsidiary during the year, increase in deferred tax liabilities of \$4.0 million as well as increase in trade and other payables of \$7.1 million due to higher accruals made for commissions, management and staff incentives.

### **Consolidated Statement of Cash Flows**

In 4Q2021, **net cash flows from operating activities** of \$98.5 million was mainly attributable to the Group's net profit before tax of \$68.5 million and changes in working capital as a result of decrease in other assets and increase in trade and other payables, decrease in contract liabilities and income tax payments during the period.

**Net cash flow used in investing activities** was mainly related to capital expenditure incurred for the purchase of property, plant and equipment in relation to our Tuas facility, offsetting interest received during the period.

**Net cash flow used in financing activities** was mainly attributable to lease liabilities paid in 4Q2021.

As at 31 December 2021, the Group maintained approximately \$474.8 million in cash and cash equivalents.

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

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

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

In line with Section 4 of our preceding announcements, with our key market of China maintaining a “Zero Covid” policy and the other key markets potentially affected by Omicron and its subvariants due to opening of certain countries’ borders, we still foresee high possibilities of marketing events and activities being scaled down or cancelled for the next 12 months, disrupting our growth plans. Moreover, prolonged hike in oil prices may also bring about price increase for raw material, packaging material and freight and courier charges, which will directly impact our margin. Hence, management remains cautious in our outlook for the next reporting period and FY2022.

Barring any unforeseen circumstances, factors may affect the Group’s performance in the next reporting period and for the next 12 months include:

- The Group’s China subsidiary currently enjoys preferential rates for custom duty and incentive grants that contributed to the Group’s gross margin and bottom line respectively. These incentives are not a permanent feature and may be amended or removed by the relevant authorities as and when they see fit. In such cases, the Group’s gross and net profit margin will be impacted;
- Logistics disarray and elevated freight charges mentioned in preceding announcements are still posing challenges to the Group’s operations and potentially may result in the loss of revenue due to inventory shortages and higher cost of goods for the Group;
- With the opening of the Vaccinated Travel Lanes between Singapore and Germany, the Site Acceptance Testing (SAT) of the machines in relation to the Group’s Tuas manufacturing facility will be able to proceed after some delays. However, due to the knock-on effects of these Covid related delays, we still expect TOP to be pushed back to 1Q2022, resulting in some increase in costs to the Group;
- The Group continues to incur professional fees for services related to M&A, corporate actions, market development evaluations and operational adherence to all relevant local regulations in the jurisdictions we operate in, etc;
- Management foresee administrative expenses to increase as we continue to acquire talents who are able to contribute to our growth both locally and overseas. There will also be expenses related to the relocation/refurbishment of certain Regional Centres for the upcoming financial year; and
- Fluctuations of currencies in key markets which the Group operates in against the Singapore Dollar may impact the Group’s performance either positively or negatively. Management has measures in place in order to mitigate these potential risks.

Aside from the above, factors that may also impact the Group’s performance moving forward include timeline for product registration and renewal in key markets, natural disasters including pandemics, unanticipated regulatory changes or market restrictions in key markets we operate in, cyber security issues and disruptions from competitors and disgruntled customers.

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

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

#### Interested Person Transactions

Name of Interested Person	For The Year Ended 31 December 2021	
	Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920
	\$'000	\$'000
Pek Lu Pin <sup>(1)</sup>		
- Sales	21	NA
- Freelance commission paid	239	NA
- Marketing fee paid	242	NA
Pek Jia Rong <sup>(1)</sup>		
- Sales	14	NA
- Freelance commission paid	174	NA
Tan Geok Fong Felicia <sup>(2)</sup>		
- Sales	20	NA
- Freelance commission paid	54	NA
- Marketing fee paid	140	NA
Huan Beng Choon <sup>(3)</sup>		
- Sales	8	NA
- Freelance commission paid	214	NA
Pek Jia Xuan <sup>(1)</sup>		
- Sales	20	NA
- Freelance commission paid	98	NA
Dora Hoan Beng Mui		
- purchase of books	15	NA
- Royalty fee paid for printing books	100	NA
Seng Beng Huat <sup>(4)</sup>		
- Consultancy fee paid	127	NA

Note (1): Daughter of Doreen Tan Nee Moi

Note (2): Sister of Doreen Tan Nee Moi

Note (3): Brother of Dora Hoan Beng Mui

Note (4): Live-in partner of Dora Hoan Beng Mui



**6. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please see section 2 of Other Information.

**7. A breakdown of sales**

	<b>Group</b>		
	2021 (\$'000)	2020 (\$'000)	% Increase/ (Decrease)
(a) Sales reported for the first half year	278,439	213,050	30.7
(b) Operating profit after tax before deducting minority interests reported for the first half year	77,258	41,971	84.1
(c) Sales reported for second half year	301,597	335,584	(10.1)
(d) Operating profit after tax before deducting minority interest reported for second half year	72,839	92,833	(21.5)

**8. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Please refer to Note 21 to Interim Consolidated Financial Statement.

9. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Financial Year Ended: 31 December 2021

Name	Age	Family relationship with any director, CEO or substantial shareholder	Current position and duties, and the year the position was held	Details if changes in duties and position held, if any, during the year
TANG BOON LEONG, JANSEN	44	Nephew of Group Co-Chairman, Group CEO/ Managing Director – Dr. Dora Hoan Beng Mui	Group Manager, Regional Membership and Commission - Handles regional membership related matters such as distributors' bonus payments and processing new memberships - Position promoted since 1 March 2015  Senior Country Manager, Best World (China) Pharmaceutical Co., Ltd. (Hunan Branch) & Best World Lifestyle (China) Co., Ltd Position held since 2021 & BWL (Hong Kong) Company Limited, position held since 2015	NA
TAN HUI KENG, PHYLLIS	51	Sister-in-law of Co-Chairman, Group CEO/ Managing Director – Dr. Dora Hoan Beng Mui	Group Manager, Supply Chain - Handles all matters relating to inventory planning, purchasing, export and import, E-commerce order fulfillment - Position promoted since 1 March 2019	NA

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

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

**On behalf of the Board of Directors**

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

Doreen Tan Nee Moi  
Co-Chairman, President

1 March 2021