



BEST WORLD INTERNATIONAL LTD

(Company Registration: 199006030Z)

Incorporated in the Republic of Singapore


Annual General Meeting Questions & Answers

No.	Questions from Shareholders	Replies
Financials		
1	<p>During the year 2022 we held two major “Fans of DR’s Secret” conferences – one in Australia and another in Canada. From the AR the events were successful, each securing revenue of approximately \$900,000 to \$1Million.</p> <p>a) How many such events are planned for the coming year?</p> <p>b) What are the countries you are looking to have such marketing events?</p> <p>c) Will FY2023’s events schedules be published in Company’s social media platforms?</p> <p>d) Are the responses from the 2 conferences strong enough to justify setting up regional centers in the 2 countries by end of this FY?</p>	<p>a) For FY2023, we expect between 10 to 15 major events, which includes “Fan of Dr’s Secret”, to be held for our major markets of China, Taiwan, Hong Kong & Macau, Malaysia and Singapore.</p> <p>b) See (a).</p> <p>c) Our subsidiaries do not publish all event schedules on our social media platforms. However, video clips and images may be featured on our social media platforms post events.</p> <p>d) Over the years, our online store has made it possible for us to serve customers in new and existing markets in a more cost-efficient manner without the need of a regional centre (RC) in each market. While there are advantages of an RC in a market, management generally rely on more factors other than the response to an event, before making the decision of setting up an RC.</p>
2	<p>Please share details of the management strategy to your cash allocation proposal?</p>	<p>Majority of our cash is allocated for operational expenses for our existing and new markets and capital expenditures in relation to production capabilities and refurbishment of RC. The remaining cash is reserved for current M&A obligations, to capitalise on any M&A opportunities that may arise, corporate actions capital requirements and any contingency needs.</p>

3	<p>What are the projected capital expenditures of the company in the next 5 years and what are the projected returns of these capex?</p>	<p>The projected capital expenditure for FY2023 is approximately \$14 million and future capex is at a similar level subject to inflation and changes in strategic and operating plans.</p>
4	<p>Could we understand the sales breakdown of each of the products?</p>	<p>Our DR's Secret brand contributed approximately 90% while Avance, our health supplement brand contributed approximately 4% of the Group's total revenue for FY2022. The remaining contributing brands included Optrimax, Pentalab and FoodPhilo.</p>
5	<p>In page 155 under note 19 Other financial assets, the fair value of 'Call Option - Pedal Pulses Ltd' has dropped substantially in FY 2022. Can the company explain the main reason for the drop?</p>	<p>To estimate the fair value of the Call Option as at the Valuation Date, we applied the Black Scholes model. Under the model, factors that could affect the valuation of the Call Option include, and is not limited to, time to maturity, strike price, share price, volatility, risk free rate and dividend yield. As a result of the annual impairment testing of our investment in Pedal Pulses via the DCF method based on the financial projection provided by Management, the fair value of the Call Option in FY2022 declined from \$5.7m in FY2021 to \$2.0 in FY2022.</p> <p>For completeness, please refer to note 17, 26 and 32e of our 2022 Annual Report relating to the Call and Put Option of Pedal Pulses.</p>

6	Company has outlined the potential of the online market. Currently, what percentage of total sales are from the online market?	For FY2022, 19% of our group's total sales derived from our online store (BWL Mobile).
7	How do we interpret the growth from the 'Disaggregation of revenue' from page 133 of the Annual Report?	It represents the Group's revenue by geographical locations of our customers.
Operations		
1	<p>a) Why are some of the franchisees appointed and removed in a very short time period?</p> <p>b) What is the revenue level required to set up a franchisee office that is sustainable?</p>	<p>a) We are unable to divulge the reasons why certain franchisees terminated their franchise agreement prematurely. However, both parties are entitled to terminate the agreement prematurely as long as it is in line with the termination clause of the agreement. In most cases, termination would be mainly due to the franchisees' difficulties to adhere to terms and conditions of the franchise agreement or their failure to do so.</p> <p>b) The revenue required to sustain a franchise varies, owing to factors like lease rate, area leased, number of staff etc.</p>
2	<p>a) From the number of franchisees can we confidently said our key area of income is Guangzhou, Hunan and Zhejiang?</p> <p>b) Could you provide the range of income from the franchisee, the highest and the lower and their area they are operation?</p> <p>c) Could you also share, under our marketing strategy to grow the business, what other provinces you are looking into?</p>	<p>a) Our top 3 sales contribution by province are Zhejiang, Guangdong and Sichuan.</p> <p>b) The highest and lowest sales contributed by our franchisees was approximately RMB 430 million and RMB 5 million in FY2022.</p> <p>c) We do not make public disclosure of our strategy and our area of emphasis moving forward. As a guideline, our brand offerings are currently available in 13 provinces throughout mainland China and management will continue to grow our network of Franchisees in China in a measured and calibrated manner, with the view of achieving sustainable growth while maintaining consistency and quality of service for consumers of our products.</p>

3	What external indicators can investors rely on to gauge the popularity/engagement level of the company's products?	<p>All shareholders encouraged to follow our various social media accounts indicated below:</p> <table border="1"> <thead> <tr> <th data-bbox="994 261 1211 300">Social Media</th> <th data-bbox="1211 261 1417 300">Official Name</th> <th data-bbox="1417 261 2047 300">Official Link</th> </tr> </thead> <tbody> <tr> <td data-bbox="994 300 1211 338">Facebook</td> <td data-bbox="1211 300 1417 338">BWL Global</td> <td data-bbox="1417 300 2047 338">https://www.facebook.com/bwlglobal/</td> </tr> <tr> <td data-bbox="994 338 1211 402">Facebook</td> <td data-bbox="1211 338 1417 402">DR's Secret</td> <td data-bbox="1417 338 2047 402">https://www.facebook.com/drssecretofficial/</td> </tr> <tr> <td data-bbox="994 402 1211 466">Instagram</td> <td data-bbox="1211 402 1417 466">DR's Secret</td> <td data-bbox="1417 402 2047 466">https://www.instagram.com/drssecretofficial/</td> </tr> <tr> <td data-bbox="994 466 1211 529">Facebook</td> <td data-bbox="1211 466 1417 529">Avance For Life</td> <td data-bbox="1417 466 2047 529">https://www.facebook.com/avanceforlifeofficial/</td> </tr> <tr> <td data-bbox="994 529 1211 593">Instagram</td> <td data-bbox="1211 529 1417 593">Avance</td> <td data-bbox="1417 529 2047 593">https://www.instagram.com/avanceforlifeofficial/</td> </tr> <tr> <td data-bbox="994 593 1211 657">Facebook</td> <td data-bbox="1211 593 1417 657">PentaLab</td> <td data-bbox="1417 593 2047 657">https://www.facebook.com/pentalab.official/</td> </tr> <tr> <td data-bbox="994 657 1211 721">Instagram</td> <td data-bbox="1211 657 1417 721">PentaLab</td> <td data-bbox="1417 657 2047 721">https://www.instagram.com/pentalab.official/</td> </tr> <tr> <td data-bbox="994 721 1211 944">小红书 (Xiaohongshu)</td> <td data-bbox="1211 721 1417 944">暂之密 DR's Secret</td> <td data-bbox="1417 721 2047 944">https://www.xiaohongshu.com/user/profile/5afbd70fe8ac2b587c6b221c?xhsshare=CopyLink&appid=5f142f2e00000000101c4a6&apptime=1681803732</td> </tr> <tr> <td data-bbox="994 944 1211 1024">Weibo</td> <td data-bbox="1211 944 1417 1024">暂之密 DRsSecret</td> <td data-bbox="1417 944 2047 1024">https://weibo.com/bwlofficial</td> </tr> <tr> <td data-bbox="994 1024 1211 1362">WeChat</td> <td data-bbox="1211 1024 1417 1362">全美世界</td> <td data-bbox="1417 1024 2047 1362">  <p>*To be scanned via WeChat App</p> </td> </tr> </tbody> </table>	Social Media	Official Name	Official Link	Facebook	BWL Global	https://www.facebook.com/bwlglobal/	Facebook	DR's Secret	https://www.facebook.com/drssecretofficial/	Instagram	DR's Secret	https://www.instagram.com/drssecretofficial/	Facebook	Avance For Life	https://www.facebook.com/avanceforlifeofficial/	Instagram	Avance	https://www.instagram.com/avanceforlifeofficial/	Facebook	PentaLab	https://www.facebook.com/pentalab.official/	Instagram	PentaLab	https://www.instagram.com/pentalab.official/	小红书 (Xiaohongshu)	暂之密 DR's Secret	https://www.xiaohongshu.com/user/profile/5afbd70fe8ac2b587c6b221c?xhsshare=CopyLink&appid=5f142f2e00000000101c4a6&apptime=1681803732	Weibo	暂之密 DRsSecret	https://weibo.com/bwlofficial	WeChat	全美世界	 <p>*To be scanned via WeChat App</p>
Social Media	Official Name	Official Link																																	
Facebook	BWL Global	https://www.facebook.com/bwlglobal/																																	
Facebook	DR's Secret	https://www.facebook.com/drssecretofficial/																																	
Instagram	DR's Secret	https://www.instagram.com/drssecretofficial/																																	
Facebook	Avance For Life	https://www.facebook.com/avanceforlifeofficial/																																	
Instagram	Avance	https://www.instagram.com/avanceforlifeofficial/																																	
Facebook	PentaLab	https://www.facebook.com/pentalab.official/																																	
Instagram	PentaLab	https://www.instagram.com/pentalab.official/																																	
小红书 (Xiaohongshu)	暂之密 DR's Secret	https://www.xiaohongshu.com/user/profile/5afbd70fe8ac2b587c6b221c?xhsshare=CopyLink&appid=5f142f2e00000000101c4a6&apptime=1681803732																																	
Weibo	暂之密 DRsSecret	https://weibo.com/bwlofficial																																	
WeChat	全美世界	 <p>*To be scanned via WeChat App</p>																																	

		WeChat	暂之密 DrsSecret	 <p>*To be scanned via WeChat App</p>
4	How does the company maintain effective management oversight over the China operations given the increasing scale?	<p>Various functions of HQ management have regular meetings with the relevant China team, working with them while monitoring the various parameters, such as products sold, popular bundles, effective sales mechanisms etc. Sales, margins and expenses are also monitored closely against budgets on a quarterly basis. Since the lifting of COVID-19 restrictions, Management has resumed onsite visits to participate in franchisee activities and trainings, walking the ground and meeting key figures in person. The China team is delegated the authority to manage their day-to-day operations, with larger expenses and significant or non-routine transactions requiring approval from HQ.</p>		
5	The company used to have good market traction in the Philippines and Indonesia markets. Is the company looking to re-engage these markets?	<p>Despite weak market sentiment brought about by the pandemic, Indonesia has achieved a compounded annual growth rate (CAGR) of 50% over the last 2 years while Philippines had recorded approximately 11% revenue growth for FY2022.</p> <p>The management will continue engaging distributors to expand consumer base and distribution network and utilise our digital presence to enhance brand awareness in the region.</p>		
6	The Malaysian market experienced the usual initial spike in sales and is levelling off. Would you expect better growth prospects with the Tuas factory's capability in manufacturing halal products?	<p>As mentioned in page 18 of our 2022 Annual Report, contribution from Malaysia declined largely due to a drop in new member numbers. As COVID-19 restrictions eased, part-time distributors' attention was diverted as a result of the return to their full-time jobs, while a large number of full-time distributors broke their routine to go on revenge travel, which resulted in lower sales activity</p>		

		over the period. While the Tuas manufacturing facility aims to be halal certified, additional growth opportunity will only be.
7	<p>a) Tuas Factory is up and running. Would we have a chance to visit the state-of-the-art factory?</p> <p>b) Is it possible to hold AGM there and a tour on the facilities?</p>	<p>a) Currently, all our factory staff are prioritizing their time for the completion of the Site Assessment Tests for our bottling line, trouble shooting, the preparation for various audits and meeting our production schedule for our tube line etc. In order to minimize disruptions to them, we have limited factory visits to only management and top distributors of our BWL subsidiaries. We will keep shareholders informed as and when we are ready to receive visitors to the factory.</p> <p>b) Due to space constraints, our factory is designed to maximise space only for manufacturing functions and is not equipped to hold any form of meetings for crowd of more than 20 pax.</p>
8	<p>With the new Singapore factory in operation, can you advise the following:</p> <p>a) What is the capacity of our factory manufactured product and its value ratio relative to our annual sales?</p> <p>b) What is margin of cost saving as compared to existing import channel?</p> <p>c) What is the saving in term of lead time and delivery?</p>	<p>a) With reference to our publication, our Tuas manufacturing facility have an estimated production capacity of 100,000 units of products daily when fully operational.</p> <p>b) The phasing over of a formula from our contract manufacturer to our Tuas plant is a complex process which requires time due to the usage of different machines and production under different environmental parameters. Hence, it is premature to assume if there will be any cost savings at this stage. We would like to reiterate that the key objectives of the Tuas manufacturing facility are to provide the Group with the ability to ensure consistency supply of shipment of products and to exercise better control over raw material quality and in-process quality control, so as to ensure the highest quality for our product offerings instead of cost savings.</p> <p>c) When fully operational, the facility will be offering a fully automated and integrated one-stop solution from blending all the way to palletising, enhancing</p>

	<p>d) Please elaborate what other tangible benefits can be derived from having our Singapore factory i.e., tax, duties, FTA etc</p>	<p>production efficiency as well as inventory management and ordering processes being automated, we expect lead time savings of about 1 to 3 months.</p> <p>d) Instead of paying contract manufacturers to make the products for us, the Group will tap into the revenue stream of producing the products ourselves. In addition, some of our subsidiaries will be able to leverage on the Free Trade Agreements between Singapore and the countries they operate in to enjoy duty-free imports. This savings by our subsidiaries in tariffs would lower the subsidiaries cost of goods sold and as such, translate to higher gross margin for the Group.</p>
Outlook/Strategy		
1	<p>a) We aren't experiencing growth in revenue this year. Should this be a concern that the sales have reached their peak? What's the growth strategy for the next 3–5 years?</p> <p>b) The geo-political situation between US and China and the China wargame in Taiwan straits, what is the impact on businesses in China and Taiwan? Will these drag on the overall financial results for the Group going forward? Is the current share price sustainable?</p>	<p>As announced in our FY2022 results announcement dated 24 February 2023, even with China's announcement of reopening and rollback of many Covid-related restrictions in December 2022, consumption habits are still very rational. In the short to medium term, management expects the performance from the Group's key market of China to remain challenging before we can experience any rebound for growth. For FY2023, the Group's other key markets also expect strong headwinds in light of a looming US recession and weakening global demand as a result of tense US-China, China-Taiwan relations and the ongoing Russia/Ukraine war.</p> <p>The Group's strategies for growth are summarised as follows:</p> <ul style="list-style-type: none"> • Continuing to strategically expand the consumer base and distribution network in the Group's existing markets; • Expand production capabilities for uninterrupted supply of inventories to our subsidiaries while continuing to focus and product quality and safety; • Introducing new products or improve product features;

		<ul style="list-style-type: none"> Continuing to invest in digital platforms to improve branding opportunities and optimize user experience, and Strategically pursue acquisitions of high-quality assets relevant to the Group's business. <p>We are constantly on the lookout for opportunities and innovation to drive business growth. This is evident through our recent refurbishment of our showrooms and facilities, to be a step ahead of evolving market trends. We, as a consumer based company, will continue to focus our efforts on digitalisation and adapt to the changing needs of our consumers.</p> <p>For further information on our outlook, kindly refer to page 26 of our 2022 Annual Report.</p> <p>As share prices change daily due to market forces, we are unable to comment on the sustainability of the current share price.</p>
2	Is there any other country that we have identified and working on to penetrate?	Our Online Store has enabled us to penetrate new geographies such as the USA, Australia, New Zealand, Canada, Japan and the UK in a cost-efficient yet efficient manner without the need to set up a physical regional centre in each market. We are still in the early years of selling to these markets and are still in the progress of further developing these markets. The Group is also currently working to reinvigorate our existing market of Korea and UAE.
Dividends/Share Buyback		
1	<p>a) Are there plans to resume the paying of dividends to shareholders from free cash flow in the near future?</p> <p>b) Is there any chance of resuming Dividend policy for shareholder? Furthermore, company cash balance is huge and there isn't any share buyback done recently. Can</p>	As announced in our FY2022 results announcement dated 24 February 2023, 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 or recommended by the Board for the financial year ended 31December 2022. In addition, as mentioned in our 2022 Annual Report , page 33, in 4Q2022, we acquired 4,600,900 shares from the market for approximately S\$7.7 million, representing 10.4% of the 44,072,109 shares permitted under the Share

	<p>the management share more view on the future use of cash?</p> <p>c) Now that the epidemic is behind us, would the company implement a firm dividend distribution policy?</p> <p>d) The nature of the Company's business is not capital intensive (e.g., vs property developers) and the Tuas factory is also completed. Based on 435m outstanding shares, using a \$0.05 dividend (EPS \$0.288) as an example, it would cost BW only about \$21.7m, which is less than 5% of BW's cash holdings. A lower dividend would cost the company even less and BW's inherent cash flow generation abilities even in uncertain operating conditions should be able to comfortably afford a minimal dividend payout, while maintaining a fortress balance sheet. Historically, BW's dividend payout ratio is about 40%. Can the Board help shareholders better understand the current situation?</p>	<p>Buyback Programme previously approved by shareholders. Subject to short term business outlook and working requirements, the company will require substantial amount of cash reserves to be able to continue to conduct share buybacks so as to sustain long term shareholders' value amidst the uncertain business climate.</p> <p>The Board reviews the Group's cashflow periodically, taking into consideration uncertain and potential events such as changes in business performance that may materialise.</p> <p>The Board will continually review the dividend policy and will provide updates to shareholders as and when appropriate.</p>
2	<p>a) Is there a share price ceiling for the SBB or does the management consider the current 8x P/E overvalued in the present circumstances? In light of no dividends declared and BW's intention to grow shareholders' value via SBB instead (BW didn't fully exhaust the previous SBB program but is seeking a fresh SBB), can the Board clarify whether it is open to buying back shares even when the share price is > \$2.04?</p>	<p>As mentioned above, subject to short term business outlook and working requirements, the company will continue to conduct its share buybacks. With reference to our previous Share Buyback Mandate dated 8 July 2022, the relevant period for the share buyback is the period commencing from the date on which the ordinary resolution in relation to the renewal of the Share Buyback Mandate is passed at the 2022 AGM, and expiring on the date the next AGM (27 April 2023) is or is required by law to be held, whichever is the earlier. Hence, the company is required to seek Shareholders' approval for a new Share Buyback Mandate in the upcoming AGM in order to conduct share buyback after 27 April 2023. The Company observes the best practices set out</p>

	<p>b) Can we continue more rounds of share buy back at current traded price to reduce the surplus cash holding in the business and increase our return on equity?</p>	<p>by SGX's publication titled "What companies should observe when conducting share buy-backs" on 26 November 2018, in order to avoid false market.</p>
--	---	---