



BEST WORLD INTERNATIONAL LTD

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

Unaudited Condensed Interim Financial Statements For The Year Ended 31 December 2023

BEST WORLD INTERNATIONAL LIMITED
Unaudited Condensed Interim Financial Statements
For The Year Ended 31 December 2023

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Singapore dollars)

		Group			Group		
		3 months	3 months		12 months	12 months	
		Ended	Ended	Change	Ended	Ended	Change
Note		31.12.23	31.12.22	%	31.12.23	31.12.22	%
		\$'000	\$'000		\$'000	\$'000	
Revenue	4	201,295	210,968	(4.6)	514,510	557,348	(7.7)
Cost of sales		<u>(42,374)</u>	<u>(45,594)</u>	(7.1)	<u>(109,102)</u>	<u>(114,490)</u>	(4.7)
Gross profit		158,921	165,374	(3.9)	405,408	442,858	(8.5)
<u>Other items of income</u>							
Interest income		4,014	1,944	106.5	13,099	6,296	108.1
Other operating income	6	5,828	7,041	(17.2)	6,932	7,762	(10.7)
<u>Other Items of expense</u>							
Distribution costs	8	(68,939)	(49,058)	40.5	(156,865)	(143,740)	9.1
Administrative expenses	8	(26,830)	(29,203)	(8.1)	(92,257)	(94,894)	(2.8)
Finance costs		(620)	(147)	321.8	(1,627)	(507)	220.9
Other losses, net	7	(6,814)	(22,890)	(70.2)	(6,993)	(29,507)	(76.3)
Share of results of a joint venture		39	214	(81.8)	743	694	7.1
Share of results of an associate		<u>(33)</u>	<u>(36)</u>	(8.3)	<u>(144)</u>	<u>(299)</u>	(51.8)
Profit before tax		65,566	73,239	(10.5)	168,296	188,663	(10.8)
Income tax expense	9	<u>(25,519)</u>	<u>(25,334)</u>	0.7	<u>(47,821)</u>	<u>(52,404)</u>	(8.7)
Profit for the period		<u>40,047</u>	<u>47,905</u>	(16.4)	<u>120,475</u>	<u>136,259</u>	(11.6)
Profit (Loss) attributable to:							
- Owners of the parent company		40,425	47,697	(15.2)	120,370	136,259	(11.7)
- Non-controlling interests		(378)	208	(281.7)	105	-	NM
Profit for the period		<u>40,047</u>	<u>47,905</u>	(16.4)	<u>120,475</u>	<u>136,259</u>	(11.6)
<u>Additional notes:</u>							
Gross profit margin		78.9%	78.4%		78.8%	79.5%	
Net profit margin		19.9%	22.7%		23.4%	24.4%	
Earnings per share (cents)	22	9.37	10.87		27.74	28.82	

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Singapore dollars)

	Group			Group		
	3 months Ended 31.12.23 \$'000	3 months Ended 31.12.22 \$'000	Change %	12 months Ended 31.12.23 \$'000	12 months Ended 31.12.22 \$'000	Change %
Profit for the period, net of tax	40,047	47,905	(16.4)	120,475	136,259	(11.6)
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	310	(2,705)	(111.5)	(3,815)	(10,081)	(62.2)
Other comprehensive income for the period, net of tax	310	(2,705)	(111.5)	(3,815)	(10,081)	(62.2)
Total comprehensive income for the period	<u>40,357</u>	<u>45,200</u>	(10.7)	<u>116,660</u>	<u>126,178</u>	(7.5)
Attributable to:						
Owners of the parent company	40,678	45,220	(10.0)	116,542	126,045	(7.5)
Non-controlling interests	(321)	(20)	1,505.0	118	133	(11.3)
Total comprehensive income for the period	<u>40,357</u>	<u>45,200</u>	(10.7)	<u>116,660</u>	<u>126,178</u>	(7.5)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts expressed in Singapore dollars)

	Note	Group		Company	
		31.12.23 \$'000	31.12.22 \$'000	31.12.23 \$'000	31.12.22 \$'000
Assets					
Non-current assets					
Property, plant and equipment	10	76,483	73,100	4,940	2,084
Investment property	11	1,054	1,073	-	-
Other intangible asset	12	7,387	7,629	-	-
Intangible assets	13	994	1,054	70	55
Right-of-use assets		23,402	21,498	12,044	8,803
Investment in subsidiary corporations		-	-	124,685	127,261
Investment in a joint venture	14	25,528	25,600	-	-
Investment in an associate	15	1,697	4,691	-	-
Deferred tax assets		12,066	11,461	-	-
Other financial assets		1,184	1,985	-	-
Total non-current assets		149,795	148,091	141,739	138,203
Current assets					
Inventories	16	63,659	53,290	26,939	22,157
Trade and other receivables	17	10,695	11,270	51,476	27,366
Other assets		18,027	28,888	8,526	15,452
Other financial assets		14,627	13,716	14,627	13,716
Cash and cash equivalents	18	608,065	484,831	438,402	270,046
Total current assets		715,073	591,995	539,970	348,737
Total assets		864,868	740,086	681,709	486,940
Equity and liabilities					
Current liabilities					
Trade and other payables	19	138,537	151,390	46,426	48,288
Contract liabilities		7,669	7,171	-	-
Lease liabilities		5,192	5,154	1,648	2,142
Other financial liabilities		15,031	43	15,031	43
Other liabilities		34,882	34,896	882	882
Income tax payable		31,692	19,974	15,160	1,881
Total current liabilities		233,003	218,628	79,147	53,236
Net current assets		482,070	373,367	460,823	295,501
Non-current liabilities					
Provisions		1,605	1,111	964	484
Deferred tax liabilities		10,002	9,798	403	179
Lease liabilities		17,337	15,502	10,086	6,230
Other financial liabilities		12,624	11,401	-	-
Total non-current liabilities		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
Equity, attributable to owner of the company					
Share capital	20	2,343	2,343	2,343	2,343
Retained earnings		562,592	452,231	588,444	424,146
Other reserves		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
Total equity and liabilities		864,868	740,086	681,709	486,940

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Singapore dollars)

	Group		Group	
	3 Months Ended 31.12.23	3 Months Ended 31.12.22	12 Months Ended 31.12.23	12 Months Ended 31.12.22
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:				
Profit before tax	65,566	73,239	168,296	188,663
Interest income	(4,014)	(1,448)	(13,099)	(6,296)
Interest expenses	620	147	1,627	507
Depreciation of property, plant and equipment	2,280	1,464	7,598	4,803
Depreciation of right-of-use assets	2,011	1,904	6,372	5,430
Depreciation of an investment property	5	4	19	18
Amortisation of other intangible asset	61	61	242	242
Amortisation of intangible assets	20	20	83	83
Gain (loss) on disposal of property, plant and equipment	(1)	4	(141)	(422)
Allowance (write-back) for expected credit losses on trade receivables	23	(16)	23	(16)
Allowance for expected credit losses on other receivables	15	12	15	12
Loss on disposal of other financial assets	-	-	-	26
Fair value loss (gain) on forward contracts	25	43	(12)	43
Fair value (gain) loss in other financial assets	(428)	(176)	(790)	844
Fair value change in call option	317	2,116	865	3,288
Fair value change in put option	212	(4,691)	770	(5,623)
Loss on lease modification	-	2	-	2
Impairment loss in investment in joint venture	-	12,692	-	12,692
Impairment loss in investment in associate	2,850	-	2,850	-
Inventories (written back) written down	(73)	(561)	91	103
Share of results of a joint venture	(39)	(214)	(743)	(694)
Share of results of an associate	33	36	144	299
Unrealised foreign exchange adjustment, net	3,459	9,371	(3,021)	5,044
Operating cash flows before changes in working capital	<u>72,942</u>	<u>94,009</u>	<u>171,189</u>	<u>209,048</u>
Inventories	6,821	24,623	(10,460)	34,888
Trade and other receivables	7,226	9,074	327	(5,027)
Other assets	4,776	(1,829)	10,861	(8,231)
Trade and other payables	39,933	34,545	(12,789)	1,616
Other liabilities	-	(2,339)	-	(1,742)
Contract liabilities	(162)	271	498	5,485
Cash flows generated from operations	<u>131,536</u>	<u>158,354</u>	<u>159,626</u>	<u>236,037</u>
Income tax paid	(6,685)	(10,983)	(36,108)	(52,791)
Net cash flows from operating activities	<u>124,851</u>	<u>147,371</u>	<u>123,518</u>	<u>183,246</u>
Cash flows from investing activities:				
Purchase of property, plant and equipment	(1,400)	(2,330)	(11,159)	(14,683)
Proceeds from disposal of property, plant and equipment	1	10	167	837
Purchase of intangible assets	-	(10)	(41)	(23)
Purchase of other financial assets	(9)	(9)	(616)	(148)
Proceeds from disposal of other financial assets	-	(26)	266	245
Dividend received from investment in joint venture	815	-	815	737
Interest received	4,014	1,448	13,099	6,296
Net cash flows from (used in) investing activities	<u>3,421</u>	<u>(917)</u>	<u>2,531</u>	<u>(6,739)</u>
Cash flows from financing activities:				
Purchase of treasury shares	(4,581)	(7,684)	(10,009)	(7,684)
Proceeds from bank borrowings	-	-	15,000	-
Off-market equal access share buyback	-	-	-	(140,596)
Payment of lease liabilities	(2,030)	(1,187)	(7,094)	(4,982)
Interest paid	(208)	-	(476)	-
(Increase) decrease in cash restricted in use	(761)	198	(26,663)	(458)
Net cash flows used in financing activities	<u>(7,580)</u>	<u>(8,673)</u>	<u>(29,242)</u>	<u>(153,720)</u>
Net increase in cash and cash equivalents	120,692	137,781	96,807	22,787
Effects of exchange rate changes on cash and cash equivalents	(2,243)	(9,670)	(236)	(13,242)
Cash and cash equivalents, statement of cash flows, beginning balance	<u>455,511</u>	<u>349,278</u>	<u>477,389</u>	<u>467,844</u>
Cash and cash equivalents, statement of cash flows, ending balance	<u>573,960</u>	<u>477,389</u>	<u>573,960</u>	<u>477,389</u>
Note A :				
	Group	Group	Group	Group
	3 Months Ended 31.12.23	3 Months Ended 31.12.22	12 Months Ended 31.12.23	12 Months Ended 31.12.22
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	608,065	484,831	608,065	484,831
Less: Cash pledged and cash restricted in use	(34,105)	(7,442)	(34,105)	(7,442)
Cash and cash equivalents in the consolidated cash flow statement	<u>573,960</u>	<u>477,389</u>	<u>573,960</u>	<u>477,389</u>

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Singapore dollars)

Group	Attributable to owners of the parent company									
	Total equity	Total	Share capital	Treasury shares	Retained earnings	Foreign currency translation reserve	Statutory reserves	Share-based compensation reserves	Other reserves	Non-controlling interests
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at 1 January 2023	483,646	486,166	20,618	(18,275)	452,231	(1,005)	33,384	322	(1,109)	(2,520)
Movements in equity										
Total comprehensive income (expense) for the period	19,863	19,648	-	-	20,498	(850)	-	-	-	215
Purchase of treasury shares ^(a)	(2,711)	(2,711)	-	-	(2,711)	-	-	-	-	-
Balance at 31 March 2023	500,798	503,103	20,618	(18,275)	470,018	(1,855)	33,384	322	(1,109)	(2,305)
Movements in equity										
Total comprehensive income (expense) for the period	34,953	34,774	-	-	38,680	(3,906)	-	-	-	179
Balance at 30 June 2023	535,751	537,877	20,618	(18,275)	508,698	(5,761)	33,384	322	(1,109)	(2,126)
Movements in equity										
Total comprehensive income (expense) for the period	21,487	21,442	-	-	21,733	(291)	-	-	-	45
Purchase of treasury shares ^(b)	(2,717)	(2,717)	-	-	(2,717)	-	-	-	-	-
Balance at 30 September 2023	554,521	556,602	20,618	(18,275)	527,714	(6,052)	33,384	322	(1,109)	(2,081)
Movements in equity										
Total comprehensive income (expense) for the period	40,357	40,678	-	-	39,459	1,219	-	-	-	(321)
Purchase of treasury shares ^(c)	(4,581)	(4,581)	-	-	(4,581)	-	-	-	-	-
Balance at 31 December 2023	590,297	592,699	20,618	(18,275)	562,592	(4,833)	33,384	322	(1,109)	(2,402)

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

Note (b) For the three months ended 30 September 2023, pursuant to on-market share purchase, \$2.7 million was paid by the Company for this purchase out of profits.

Note (c) For the three months ended 31 December 2023, pursuant to on-market share purchase, \$4.6 million was paid by the Company for this purchase out of profits.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Singapore dollars)

Group	Attributable to owners of the parent company									
	Total equity	Total	Share capital	Treasury shares	Retained earnings	Foreign currency translation reserve	Statutory reserves	Share-based compensation reserves	Other reserves	Non-controlling interests
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at 1 January 2022	505,748	508,401	20,618	(10,591)	460,852	8,051	30,258	322	(1,109)	(2,653)
Movements in equity										
Total comprehensive income (expense) for the period	27,334	27,268	-	-	27,603	(335)	-	-	-	66
Off-market equal access share buyback ^(d)	(73,998)	(73,998)	-	-	(73,998)	-	-	-	-	-
Balance at 31 March 2022	459,084	461,671	20,618	(10,591)	414,457	7,716	30,258	322	(1,109)	(2,587)
Movements in equity										
Total comprehensive income for the period	35,528	35,373	-	-	38,901	(3,528)	-	-	-	155
Off-market equal access share buyback ^(e)	(66,598)	(66,598)	-	-	(66,598)	-	-	-	-	-
Balance at 30 June 2022	428,014	430,446	20,618	(10,591)	386,760	4,188	30,258	322	(1,109)	(2,432)
Movements in equity										
Total comprehensive income for the period	18,116	18,184	-	-	22,058	(3,874)	-	-	-	(68)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2022	446,130	448,630	20,618	(10,591)	408,818	314	30,258	322	(1,109)	(2,500)
Movements in equity										
Total comprehensive income (expense) for the period	45,200	45,220	-	-	47,697	(2,477)	-	-	-	(20)
Purchase of treasury shares ^(f)	(7,684)	(7,684)	-	(7,684)	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	(4,284)	1,158	3,126	-	-	-
Balance at 31 December 2022	483,646	486,166	20,618	(18,275)	452,231	(1,005)	33,384	322	(1,109)	(2,520)

Note (d) On 8 March 2022, pursuant to a Off-Market Equal Access Offer, the Company purchased and cancelled 54,410,011 of its own shares from shareholders at the offer price of \$1.36 for each share.

Note (e) On 17 June 2022, pursuant to a Off-Market Equal Access Offer, the Company purchased and cancelled 48,969,010 of its own shares from shareholders at the offer price of \$1.36 for each share.

Note (f) For the three months ended 31 December 2022, pursuant to on-market share purchase, \$7.7 million was paid by the Company for this purchase out of cash.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Singapore dollars)

Company	Attributable to owners of the parent company				Share-based compensation reserves
	Total equity	Share capital	Treasury shares	Retained earnings	
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2023	426,811	20,618	(18,275)	424,146	322
<u>Movements in equity</u>					
Total comprehensive income for the period	21,469	-	-	21,469	-
Purchase of treasury shares ^(a)	(2,711)	-	-	(2,711)	-
Balance as at 31 March 2023	445,569	20,618	(18,275)	442,904	322
<u>Movements in equity</u>					
Total comprehensive income for the period	53,849	-	-	53,849	-
Balance as at 30 June 2023	499,418	20,618	(18,275)	496,753	322
<u>Movements in equity</u>					
Total comprehensive income for the period	48,714	-	-	48,714	-
Purchase of treasury shares ^(b)	(2,717)	-	-	(2,717)	-
Balance as at 30 September 2023	545,415	20,618	(18,275)	542,750	322
<u>Movements in equity</u>					
Total comprehensive income for the period	50,275	-	-	50,275	-
Purchase of treasury shares ^(c)	(4,581)	-	-	(4,581)	-
Balance as at 31 December 2023	591,109	20,618	(18,275)	588,444	322

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

Note (b) For the three months ended 30 September 2023, pursuant to on-market share purchase, \$2.7 million was paid by the Company for this purchase out of profits.

Note (c) For the three months ended 31 December 2023, pursuant to on-market share purchase, \$4.6million was paid by the Company for this purchase out of profits.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Singapore dollars)

Company	Attributable to owners of the parent company				
	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Share-based compensation reserves \$'000
Balance at 1 January 2022	400,928	20,618	(10,591)	390,579	322
<u>Movements in equity</u>					
Total comprehensive income for the period	39,142	-	-	39,142	-
Off-market equal access share buyback ^(d)	(73,998)	-	-	(73,998)	-
Balance as at 31 March 2022	366,072	20,618	(10,591)	355,723	322
<u>Movements in equity</u>					
Total comprehensive income for the period	49,808	-	-	49,808	-
Off-market equal access share buyback ^(e)	(66,598)	-	-	(66,598)	-
Balance as at 30 June 2022	349,282	20,618	(10,591)	338,933	322
<u>Movements in equity</u>					
Total comprehensive income for the period	47,512	-	-	47,512	-
Balance as at 30 September 2022	396,794	20,618	(10,591)	386,445	322
<u>Movements in equity</u>					
Total comprehensive income for the period	37,701	-	-	37,701	-
Purchase of treasury shares ^(f)	(7,684)	-	(7,684)	-	-
Balance as at 31 December 2022	426,811	20,618	(18,275)	424,146	322

Note (d) On 8 March 2022, pursuant to a Off-Market Equal Access Offer, the Company purchased and cancelled 54,410,011 of its own shares from shareholders at the offer price of \$1.36 for each share.

Note (e) On 17 June 2022, pursuant to a Off-Market Equal Access Offer, the Company purchased and cancelled 48,969,010 of its own shares from shareholders at the offer price of \$1.36 for each share.

Note (f) For the three months ended 31 December 2022, pursuant to on-market share purchase, \$7.7 million was paid by the Company for this purchase out of cash.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Corporate information

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

The registered office and principal place of business of the Company is located at 20 Pasir Panjang Road #08-28 Mapletree Business City Singapore 117439.

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

2. Basis of preparation

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

The interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the last audited annual financial statements for the year ended 31 December 2022.

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

The figures have not been audited, or reviewed by auditors.

2.1 Adoption of new standards

The accounting policies adopted are consistent with those of the used in the most recent audited financial statements except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2023.

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

2. Basis of preparation (Cont'd)

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2022.

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

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

There were no significant changes in critical judgements, estimates and assumptions as compared to the audited consolidated financial statements as at and for the year ended 31 December 2022.

3. Seasonal operations

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

4. Segment and revenue information

For management purposes, the Group's business is organised into three reportable operating segments as follows:

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

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

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

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

4 Segment and revenue information (Cont'd)

4.1 Reportable segments

Business Segments

For the year ended 31 December 2023

Group

	<u>Direct selling</u> \$ '000	<u>Franchise</u> \$ '000	<u>Others</u> \$ '000	<u>Total</u> \$ '000
External sales and services	292,158	221,277	1,075	514,510
Recurring EBITDA	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 a joint venture	-	-	743	743
Share of results of an associate	-	-	(144)	(144)
Profit (Loss) before tax from continuing operations	78,510	108,287	(18,501)	168,296
Income tax expense				(47,821)
Profit from continuing operations				120,475
<u>Other segment items</u>				
Additions to property, plant and equipment	3,357	4,500	3,302	11,159
Additions to intangible assets	17	24	-	41
<u>Assets and liabilities</u>				
Total assets for reportable segments	295,629	392,322	85,239	773,190
Unallocated assets				91,678
Total group assets	295,629	392,322	85,239	864,868
Total liabilities for reportable segments	44,417	153,055	7,750	205,222
Unallocated liabilities				69,349
Total group liabilities	44,417	153,055	7,750	274,571

4 Segment and revenue information (Cont'd)

4.1 Reportable segments (Cont'd)

Business Segments

For the year ended 31 December 2022

Group

	<u>Direct selling</u> \$ '000	<u>Franchise</u> \$ '000	<u>Others</u> \$ '000	<u>Total</u> \$ '000
External sales and services	265,084	291,562	702	557,348
Recurring EBITDA	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 a joint venture	-	-	694	694
Share of results of an associate	-	-	(299)	(299)
Profit (Loss) before tax from continuing operations	75,570	133,508	(20,415)	188,663
Income tax expense				(52,404)
Profit from continuing operations				136,259
<u>Other segment items</u>				
Additions to property, plant and equipment	2,165	603	11,915	14,683
Additions to intangible assets	17	6	-	23
<u>Assets and liabilities</u>				
Total assets for reportable segments	243,031	303,032	88,180	634,243
Unallocated assets				105,843
Total group assets	243,031	303,032	88,180	740,086
Total liabilities for reportable segments	(42,215)	(163,091)	(9,918)	(215,224)
Unallocated liabilities				(41,216)
Total group liabilities	(42,215)	(163,091)	(9,918)	(256,440)

4 Segment and revenue information (Cont'd)

4.2 Disaggregation of revenue

	Group	
	For the year ended 31	
	December	
	2023	2022
	\$'000	\$'000
Primary geographical markets		
Singapore	50,774	40,793
People's Republic of China	222,123	292,062
Taiwan	151,446	143,248
Malaysia	26,552	28,095
Hong Kong	21,891	20,600
Others	41,724	32,550
	<hr/>	<hr/>
Total revenue	514,510	557,348
	<hr/> <hr/>	<hr/> <hr/>

	Group	
	For the year ended 31	
	December	
	2023	2022
	\$'000	\$'000
Major operating segments		
Direct selling	292,158	265,084
Franchise	221,277	291,562
Others	1,075	702
	<hr/>	<hr/>
Total revenue	514,510	557,348
	<hr/> <hr/>	<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-23 \$'000	31-Dec-22 \$'000	31-Dec-23 \$'000	31-Dec-22 \$'000
Financial assets:				
Non-Current:				
<u>Financial assets at fair value through profit or loss</u>				
Other financial assets	1,184	1,985	-	-
Total financial assets (non-current)	1,184	1,985	-	-
Current:				
<u>Financial assets at fair value through profit or loss</u>				
Other financial assets	14,627	13,448	14,627	13,448
<u>Financial assets at amortised cost</u>				
Cash and bank balances	608,065	484,831	438,402	270,046
Other financial assets	-	268	-	268
Trade and other receivables	10,695	11,270	50,217	27,159
Total financial assets at amortised cost (current)	618,760	496,369	488,619	297,473
Total financial assets (current)	633,387	509,817	503,246	310,921
Total financial assets	634,571	511,802	503,246	310,921
Financial liabilities:				
Non-Current:				
<u>Financial liabilities at fair value through profit or loss</u>				
Other financial liabilities	12,624	11,401	-	-
<u>Financial liabilities at amortised cost</u>				
Lease liabilities	17,337	15,502	10,086	6,230
Total financial liabilities (non-current)	29,961	26,903	10,086	6,230
Current:				
<u>Financial liabilities at fair value through profit or loss</u>				
Other financial liabilities	31	43	31	43
<u>Financial liabilities at amortised cost</u>				
Trade and other payables	138,277	147,412	46,426	48,288
Other financial liabilities	15,000	-	15,000	-
Lease liabilities	5,192	5,154	1,648	2,142
Total financial liabilities (current)	158,500	152,609	63,105	50,473
Total financial liabilities	188,461	179,512	73,191	56,703

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

Fair value of assets and liabilities

(a) *Fair value hierarchy*

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

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

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

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

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

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

	Group As at 31 Dec 2023 \$'000		Group As at 31 Dec 2022 \$'000	
	Fair value measurements at the reporting date using		Fair value measurements at the reporting date using	
	Quoted prices in active markets for identical instruments (Level 1)	Significant unobservable inputs (Level 3)	Quoted prices in active markets for identical instruments (Level 1)	Significant unobservable inputs (Level 3)
Recurring fair value measurements assets:				
Other financial assets				
- Financial instruments at FVPL	14,627	–	13,448	–
- Call option – Pedal Pulses Ltd.	–	1,184	–	1,985
Recurring fair value measurements liabilities:				
Other financial liabilities				
- Fair value loss on forward contract	–	(31)	–	(43)
- Put option – Pedal Pulses Ltd.	–	(12,624)	–	(11,401)

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

Fair value of assets and liabilities (Cont'd)

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

Movements in Level 3 assets measured at fair value

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

	Group \$'000		
	Fair value measurements at the reporting date using significant unobservable inputs (Level 3)		
	Call option derivatives	Put option derivatives	Total
At 31 December 2022 and 1 January 2023	1,985	(11,401)	(9,416)
Foreign exchange adjustment	32	(183)	(151)
At 31 March 2023 and 1 April 2023	2,017	(11,584)	(9,567)
Net fair value change in profit or loss	(548)	(558)	(1,106)
Foreign exchange adjustment	65	(522)	(457)
At 30 June 2023 and 1 July 2023	1,534	(12,664)	(11,130)
Foreign exchange adjustment	(42)	348	306
At 30 September 2023	1,492	(12,316)	(10,824)
Net fair value change in profit or loss	(317)	(212)	(529)
Foreign exchange adjustment	9	(96)	(87)
At 31 December 2023	1,184	(12,624)	(11,440)

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

Fair value of assets and liabilities (cont'd)

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

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

	Group As at 31 December 2023 \$'000			
	Quoted prices in active markets for identical assets (Level 1)	Significant unobservable inputs (Level 3)	Fair value Total	Carrying amount
Assets				
Investment property	–	3,700	3,700	1,054

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

6. Other operating income

	Group	
	For the year ended	
	31 December	
	2023	2022
	\$'000	\$'000
Rental income	125	124
Government grants	5,368	6,963
Miscellaneous income	1,439	675
	<hr/>	<hr/>
	6,932	7,762
	<hr/>	<hr/>

7. Other gains (losses), net

	Group	
	For the year ended	
	31 December	
	2023	2022
	\$'000	\$'000
Fair value gain (loss) on other financial assets	790	(844)
Fair value gain (loss) on forward contract	12	(43)
Fair value change in call option	(865)	(3,288)
Fair value change in put option	(770)	5,623
Inventories written-down, net	(91)	(103)
(Allowance) write back for expected credit losses on trade receivables	(23)	16
Allowance for expected credit losses on other receivables	(15)	(12)
Foreign exchange losses, net	(3,322)	(18,558)
Gain on disposal of property, plant and equipment	141	422
Loss on disposal of other financial assets	–	(26)
Loss on lease modification	–	(2)
Impairment loss on investment in a joint venture	–	(12,692)
Impairment loss on investment in an associate	(2,850)	-
	<hr/>	<hr/>
	(6,993)	(29,507)
	<hr/>	<hr/>

8. Profit before income tax

	Group	
	For the year ended	
	31 December	
	2023	2022
	\$'000	\$'000
<u>Included in distribution costs</u>		
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
<u>Included in administrative expenses</u>		
Employee benefit expenses	66,654	71,400
Amortisation of intangible assets	83	83
Amortisation of other intangible asset	242	242
Depreciation of right-of-use assets	6,372	5,430
Depreciation of property, plant and equipment	7,598	4,803
Depreciation of investment property	19	18

9. Income tax expense

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

	Group	
	For the year ended	
	31 December	
	2023	2022
	\$'000	\$'000
Consolidated statement of profit or loss:		
Current income tax:		
- Current income taxation	34,497	37,485
- Under (Over) provision in respect of previous years	7,594	(4,125)
	42,091	33,360
Deferred tax expenses:		
- Origination and reversal of temporary differences	(426)	8,135
Withholding tax	6,156	10,909
	47,821	52,404

10. Property, plant and equipment

During the year ended 31 December 2023, the Group acquired assets amounting to \$11,159,000 (31 December 2022: \$14,683,000) and disposed of assets amounting to \$1,214,000 (31 December 2022: \$2,323,000).

11. Investment property

	Group	
	As at 31 Dec 2023 \$'000	As at 31 Dec 2022 \$'000
At cost	1,400	1,400
Less: accumulated depreciation	(346)	(327)
Net book value	<u>1,054</u>	<u>1,073</u>

12. Other intangible asset

	Group	
	As at 31 Dec 2023 \$'000	As at 31 Dec 2022 \$'000
At cost	9,095	9,095
Less: accumulated amortisation	(1,708)	(1,466)
Net book value	<u>7,387</u>	<u>7,629</u>

13. Intangible assets

	Group		Company	
	As at 31 Dec 2023 \$'000	As at 31 Dec 2022 \$'000	As at 31 Dec 2023 \$'000	As at 31 Dec 2022 \$'000
Goodwill	1,016	1,016	–	–
Licenses	8,330	8,456	–	–
Trademarks	964	938	709	682
Customer relationship	740	740	–	–
	<u>11,050</u>	<u>11,150</u>	<u>709</u>	<u>682</u>
Less: accumulated amortisation	(10,056)	(10,096)	(639)	(627)
Net book value	<u>994</u>	<u>1,054</u>	<u>70</u>	<u>55</u>

14. Investment in a joint venture

	Group	
	As at 31 Dec 2023	As at 31 Dec 2022
	\$'000	\$'000
Beginning of financial year	25,600	38,335
Dividend received	(815)	(737)
Share of post-acquisition results	743	694
Less: Impairment loss charged to profit and loss	–	(12,692)
End of financial year	25,528	25,600

15. Investment in an associate

	Group	
	As at 31 Dec 2023	As at 31 Dec 2022
	\$'000	\$'000
Beginning of financial year	4,691	4,990
Share of post-acquisition results	(144)	(299)
Less: Impairment loss charged to profit and loss	(2,850)	–
End of financial year	1,697	4,691

16. Inventories

	Group		Company	
	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
Statement of financial position:				
Finished goods (at lower of cost and net realisable value)	60,967	52,826	26,939	22,157
Raw materials	2,067	126	–	–
Work-in-progress	474	209	–	–
Packaging materials	151	129	–	–
Total inventories	63,659	53,290	26,939	22,157

17. Trade and other receivables

	Group		Company	
	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Trade receivables				
Third parties	2,857	2,772	1,259	208
Amounts due from subsidiaries	–	–	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
Amount due a related company	27	12	27	12
Amounts due from subsidiaries	–	–	21,874	19,882
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

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 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
Cash at banks	608,065	484,831	438,402	270,046
Cash pledged for bank facilities	(29,825)	(3,004)	(8,435)	(3,000)
Cash pledged for security deposits	(4,280)	(4,438)	–	–
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the financial period/year	573,960	477,389	429,967	267,046

19. Trade and other payables

	Group		Company	
	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Third parties	5,496	6,608	4,903	2,393
Accrued operating expenses	51,788	50,382	35,135	39,519
	<u>57,284</u>	<u>56,990</u>	<u>40,038</u>	<u>41,912</u>
Other payables				
- Third parties	81,253	94,400	4,682	5,406
- Amount due to subsidiaries	–	–	1,706	970
	<u>81,253</u>	<u>94,400</u>	<u>6,388</u>	<u>6,376</u>
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	<u>138,277</u>	<u>147,412</u>	<u>46,426</u>	<u>48,288</u>

20. Share capital

(a) Share Capital

	Group and Company		Group and Company	
	Issued ordinary shares (excluding treasury shares) No. of shares		Issued and fully paid up capital (excluding treasury shares) \$'000	
	2023	2022	2023	2022
At 1 January	436,120,193	544,100,114	2,343	10,027
Share purchased and cancelled				
Share buyback – held as treasury shares	(1,328,000)	(54,410,011)	–	–
At 31 March	434,792,193	489,690,103	2,343	10,027
Share purchased and cancelled				
		(48,969,010)	–	–
At 30 June	434,792,193	440,721,093	2,343	10,027
Share buyback – held as treasury shares	(2,284,500)	–	–	–
At 30 September	432,507,693	440,721,093	2,343	10,027
Share buyback – held as treasury shares	(2,062,300)	(4,600,900)	–	(7,684)
At 31 December	430,445,393	436,120,193	2,343	2,343

20. Share Capital (Cont'd)

(b) Treasury Shares

	<u>Group and Company</u>		<u>Group and Company</u>	
	<u>No. of shares</u>		<u>\$'000</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
At 1 January	14,892,800	10,291,900	18,275	10,591
Share buyback – held as treasury shares	<u>1,328,000</u>	<u>–</u>	<u>–</u>	<u>–</u>
31 March and 30 June	16,220,800	10,291,900	18,275	10,591
Share buyback – held as treasury shares	<u>2,284,500</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 30 September	18,505,300	10,291,900	18,275	10,591
Share buyback – held as treasury shares	<u>2,062,300</u>	<u>4,600,900</u>	<u>–</u>	<u>7,684</u>
At 31 December	<u>20,567,600</u>	<u>14,892,800</u>	<u>18,275</u>	<u>18,275</u>

For the three months ended 31 December 2023, the company purchased 2,062,300 of its ordinary shares (3 months ended 31 December 2022: 4,600,900 shares) by way of on-market purchase at share price ranging from S\$1.64 to S\$1.73 to be held as treasury shares.

The total number of issued ordinary shares excluding treasury shares as at 31 December 2023 was 430,445,393 (31 December 2022: 436,120,193).

There were no outstanding convertibles as at 31 December 2023 and 31 December 2022.

The total number of treasury shares as at 31 December 2023 was 20,567,600 (31 December 2022: 14,892,800).

21. Dividend

In view of the Group's short and medium term commitment which include but are not limited to, working capital requirements and corporate actions capital needs, as well as taking into consideration the uncertain business climate explained further in Section 4 of Other Information, no dividends have been declared/recommended by the Board for the financial year ended 31 December 2023.

22. Earnings per share

	GROUP					
	3 months ended 31.12.23	3 months ended 31.12.22	Change %	12 months ended 31.12.23	12 months ended 31.12.22	Change %
Earnings per share of Group:						
(a) Based on weighted average number of ordinary shares on issue (cts); and	9.37	10.87	(13.8)	27.74	28.82	(3.8)
(b) On a fully diluted basis (cts)	9.37	10.87	(13.8)	27.74	28.82	(3.8)

For comparative purposes, the earnings per ordinary shares for the three months ended 31 December 2023 and 31 December 2022 are calculated based on the profit attributable to the owners of the Company of approximately \$40.4 million and \$47.7 million respectively. The earnings per ordinary shares for the year ended 31 December 2023 and 31 December 2022 are calculated based on the profit attributable to the owners of the Company of approximately \$120.4 million and \$136.3 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the three months ended 31 December 2023 and 31 December 2022 were 431,652,671 and 438,936,277 respectively. The weighted average number of ordinary shares (excluding treasury shares) for the year ended 31 December 2023 and 31 December 2022 were 433,970,740 and 472,797,973 respectively.

23. Net asset value per share

	GROUP		COMPANY	
	31.12.23	31.12.22	31.12.23	31.12.22
Net asset value per ordinary shares (cents)	137.69	111.48	137.32	97.87

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 31 December 2023 was 430,445,393 (31 December 2022: 436,120,193).

24. Borrowings and debt securities

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

Amount repayable in one year or less, or on demand

As at 31.12.23		As at 31.12.22	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
15,000	-	-	-

Amount repayable after one year

As at 31.12.23		As at 31.12.22	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

(ii) Details of any collateral

As at 31 December 2023, the group's working capital loan is secured by fixed deposits pledged to bank and corporate guarantee from a certain subsidiary. The Group has no unsecured borrowings.

25. Related party transactions

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

	Group	
	For the year ended	
	31 December	
	2023	2022
	\$'000	\$'000
With persons related to directors of the Company		
Sale of goods	72	105
Commission expenses	(820)	(598)
Marketing fee	(135)	(190)
Consultancy fee expenses	(128)	(148)
With company related to directors of the Company		
Consultancy fee expenses	(145)	(22)
Gift expenses	(14)	(12)

26. Subsequent event

There is no known subsequent event which has led to adjustment on this set of interim financial statement.

OTHER INFORMATION

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

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

1. Review

The statements of financial position as at 31 December 2023 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows for the year ended 31 December 2023 and the selected explanatory notes (the "Condensed Consolidated Interim Financial Statements") have not been audited or reviewed by the Company's auditors.

2. Review of the performance of the Group

Consolidated Statement of Comprehensive Income

The Group recorded profits attributable to the owners of the parent company amounting to \$40.4 million in 4Q2023 and \$120.4 million in FY2023, representing a 15.2% and 11.7% decline as compared to the same period last year. Following are the contributing factors:

- a) **Revenue** in 4Q2023 decreased 4.6% to \$201.3 million, compared to \$211.0 million in the corresponding period last year. This was primarily due to our franchise segment in China experiencing weak consumer sentiment and ongoing macroeconomic challenges for FY2023, offsetting higher revenue from the Direct Selling segment. As a result, total revenue in FY2023 decreased 7.7% to \$514.5 million;
- b) **Cost of sales** decreased 7.1% to \$42.4 million in 4Q2023 mainly because of declined revenue and less freight charges incurred in 4Q2023, vis-à-vis the same period last year. For the year ended 31 December 2023, cost of sales decreased 4.7% to \$109.1 million. Gross Profit Margin remained relatively stable at 78.9% for Q42023 and 78.8% for FY2023;
- c) **Interest income** increased to \$4.0 million in 4Q2023 from \$1.9 million in 4Q2022, mainly due to higher interest derived from the Group's cash placed in structured and fixed deposits with banks;
- d) **Other operating income** decreased to \$5.8 million in 4Q2023 from \$7.0 million in 4Q2022 due to lower government grants from certain subsidiaries;
- e) **Distribution costs** increased to \$68.9 million in 4Q2023, as a result of higher expenses related to events, convention and exhibitions, as well as higher freelance commission of our direct selling segment. For FY2023, due to higher revenue contribution from our Direct Selling segment, distribution costs which comprised of freelance commissions for direct selling distributors and event expenses, increased 9.1% to \$156.9 million, compared to the same period last year;

- f) **Administrative expenses** for 4Q2023 decreased from \$29.2 million to \$26.8 million vis-à-vis the same period last year, mainly due to lower management and staff costs and expenses related to the Site Acceptance Test for one of the lines in our Tuas manufacturing facility. For FY2023, the administrative expenses decreased 2.8% to \$92.3 million compared to FY2022;
- g) **Finance costs** was recorded at \$0.6 million in 4Q2023, mainly due to the higher interest expenses from both bank borrowing and lease liabilities for certain offices of the Group;
- h) **Net other losses** of \$6.8 million in 4Q2023 was due to the impairment of the Group's investment in an associate as a result of a delay in revenue generation along with the strengthening Singapore Dollar (SGD) 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. As a result, the Group incurred net other losses of \$7.0 million for the year ended 31 December 2023.
- i) **Share of results** of Pedal Pulses Limited, our UK joint venture, declined to \$39,000 in 4Q2023 when compared to \$214,000 in 4Q2022, mainly due to lower share of profits for the period, offsetting amortisation expenses of intangible assets identified during the purchase price allocation exercise;
- j) **Share of losses** of our associate, Celligenics marginally decreased from \$36,000 in 4Q2022 to \$33,000 in 4Q2023 mainly due to lower operating expenses during the period;
- k) Despite a lower profit before tax, the Group reported higher **income tax expense** of \$25.5 million in 4Q2023 as compared to 4Q2022, as 4Q2023 tax expenses included under provision of tax in respect of prior years. As such, the effective tax rate for FY2023 was 28.4% as compared to 27.8% in FY2022.

Consolidated Statement of Financial Position

Total assets (Group) increased by \$124.8 million from \$740.1 million as at 31 December 2022 to \$864.9 million as at 31 December 2023, mainly due to:

- Increase in property, plant and equipment of \$3.4 million mainly due to renovation costs related to the certain offices and manufacturing facility of the Group as well as equipment costs for our Tuas manufacturing facility;
- Increase in right-of-use assets of \$1.9 million due to the relocation of the Group's Supply Chain & Quality office from Taiseng to Ang Mo Kio and Malaysia Regional Centre (RC);
- Increase in inventories of \$10.4 million due to stock replenishment from certain subsidiaries;
- Increase in cash and cash equivalents of \$123.2 million (refer to Consolidated Statement of Cash Flows section below).

This was partially offset by a \$3.0 million decrease in investment in associate due to impairment loss, decrease in other assets of \$10.9 million from \$28.9 million to \$18.0 million as at 31 December 2023 due to the reclassification of remaining deposits in relation to HQ renovation costs to property, plant and equipment since the completion of renovation in 1Q2023 and decrease in advance payment made to suppliers when compared to 31 December 2022.

Total liabilities (Group) increased by \$18.1 million from \$256.4 million as at 31 December 2022 to \$274.6 million as at 31 December 2023, mainly due to:

- Increase in income tax payables of \$11.7 million due to increase in tax provisions during the year;
- Increase in total other financial liabilities of \$16.2 million due to loan drawdown from HQ and fair value changes to the put options in relation to the acquisition of Pedal Pulses Limited; and
- Increase in total lease liabilities of \$1.9 million mainly due to new leases from the relocation of the Group's Supply Chain & Quality office from Taiseng to Ang Mo Kio and Malaysia RC during the year.

This was partially offset by the decrease in trade and other payables of \$12.9 million, which mainly consist of accruals for management and staff incentives, convention and marketing events expenses, as well as service fees to third-party promotional companies for our Franchise segment, and freelance commissions for our Direct Selling segment. The decrease is largely due to lower accruals of sales-related expenses from the Franchise segment.

Consolidated Statement of Cash Flows

In 4Q2023, **net cash flows from operating activities** of \$124.9 million was mainly attributable to the Group's net profit before tax of \$65.6 million and changes in working capital as a result of increase in trade and other payables, decrease in inventories and trade and other receivables, as well as income tax paid during the period.

Net cash flow from investing activities of \$3.4 million in 4Q2023 was mainly due to dividend and interest received, offsetting additions of property, plant and equipment during the period.

Net cash flow used in financing activities of \$7.6 million in 4Q2023 was mainly due to payment of lease liabilities and purchase of treasury shares of \$4.6 million during the period.

As at 31 December 2023, the Group maintained approximately \$574.0 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.

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;
- 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.

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 2023	
	Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920
	\$'000	\$'000
Pek Lu Pin ⁽¹⁾		
- Sales	17	NA
- Freelance commission paid	316	NA
- Marketing fee paid	131	NA
Pek Jia Rong ⁽¹⁾		
- Sales	20	NA
- Freelance commission paid	399	NA
Pek Jia Xuan ⁽¹⁾		
Sales	31	NA
Freelance commission paid	103	NA
Tan Geok Fong Felicia ⁽²⁾		
Sales	12	NA
Freelance commission paid	46	NA
Marketing fee paid	88	NA
Huan Beng Choon ⁽³⁾		
- Sales	12	NA
- Freelance commission paid	179	NA
Audrey Koh Karmen ⁽⁴⁾		
- Sales	4	NA
- Freelance commission paid	2	NA
- Marketing fee paid	4	NA
- Consultancy fee paid	145	NA
Seng Beng Huat ⁽⁵⁾		
- Consultancy fee paid	128	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): Spouse of Huang Ban Chin

Note (5): 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

	Group		
	2023 (\$'000)	2022 (\$'000)	% Increase/ (Decrease)
(a) Sales reported for the first half year	208,736	246,068	(15.2%)
(b) Operating profit after tax before deducting minority interests reported for the first half year	58,714	66,247	(11.4%)
(c) Sales reported for second half year	305,774	311,280	(1.8%)
(d) Operating profit after tax before deducting minority interest reported for second half year	61,761	70,012	(11.8%)

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 2023

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	46	Nephew of Group Co-Chairman, Group CEO/ Managing Director – Dr. Dora Hoan Beng Mui	Group Manager, Regional Membership Management - Manage regional membership related matters and distributor's bonus scheme - 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	53	Sister-in-law of Co-Chairman, Group CEO/ Managing Director – Dr. Dora Hoan Beng Mui	Senior Group Manager, Supply Chain Management - Handles all matters relating to inventory planning, purchasing, export and import, E-commerce order fulfillment - Position promoted since 1 March 2023	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

27 February 2024