



BEST WORLD INTERNATIONAL LTD

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

Unaudited Condensed Interim Financial Statements For The Year Ended 31 December 2022

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For The Year Ended 31 December 2022

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Singapore dollars)

	Note	Group			Group		
		3 months Ended 31.12.22 \$'000	3 months Ended 31.12.21 \$'000	Change %	12 months Ended 31.12.22 \$'000	12 months Ended 31.12.21 \$'000	Change %
Revenue	4	210,968	184,110	14.6	557,348	580,036	(3.9)
Cost of sales		<u>(45,594)</u>	<u>(37,062)</u>	23.0	<u>(114,490)</u>	<u>(124,977)</u>	(8.4)
Gross profit		165,374	147,048	12.5	442,858	455,059	(2.7)
<u>Other items of income</u>							
Interest income		1,448	1,297	11.6	5,800	4,559	27.2
Other operating income	6	7,537	7,493	0.6	8,258	8,794	(6.1)
<u>Other Items of Expense</u>							
Distribution costs	8	(49,058)	(68,295)	(28.2)	(143,740)	(173,701)	(17.2)
Administrative expenses	8	(29,203)	(18,942)	54.2	(94,894)	(90,190)	5.2
Finance costs		(147)	(124)	18.5	(507)	(420)	20.7
(Other losses) Other gains, net	7	(22,890)	1,764	NM	(29,507)	7,762	NM
Share of results of a joint venture		214	-	NM	694	646	7.4
Share of results of an associate		<u>(36)</u>	<u>(17)</u>	111.8	<u>(299)</u>	<u>(183)</u>	63.4
Profit before tax		73,239	70,224	4.3	188,663	212,326	(11.1)
Income tax expense	9	<u>(25,334)</u>	<u>(18,744)</u>	35.2	<u>(52,404)</u>	<u>(58,373)</u>	(10.2)
Profit for the period		<u>47,905</u>	<u>51,480</u>	(6.9)	<u>136,259</u>	<u>153,953</u>	(11.5)
Profit attributable to:							
- Owners of the parent company		47,697	51,324	(7.1)	136,259	153,694	(11.3)
- Non-controlling interests		208	156	33.3	-	259	(100.0)
Profit for the period		<u>47,905</u>	<u>51,480</u>	(6.9)	<u>136,259</u>	<u>153,953</u>	(11.5)
<u>Additional notes:</u>							
Gross profit margin		78.4%	79.9%		79.5%	78.5%	
Net profit margin		22.6%	27.9%		24.4%	26.5%	
Earnings per share (cents)	22	10.87	9.43		28.82	28.25	

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of Comprehensive Income for the year ended 31 December 2022:

	Group			Group		
	3 months Ended 31.12.22 \$'000	3 months Ended 31.12.21 \$'000	Change %	12 months Ended 31.12.22 \$'000	12 months Ended 31.12.21 \$'000	Change %
Profit for the period, net of tax	47,905	51,480	(6.9)	136,259	153,953	(11.5)
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	<u>(2,705)</u>	<u>1,825</u>	NM	<u>(10,081)</u>	<u>7,608</u>	NM
Other comprehensive income for the period, net of tax	<u>(2,705)</u>	<u>1,825</u>	NM	<u>(10,081)</u>	<u>7,608</u>	NM
Total comprehensive income for the period	<u>45,200</u>	<u>53,305</u>	(15.2)	<u>126,178</u>	<u>161,561</u>	(21.9)
Attributable to:						
Owners of the parent company	45,220	53,462	(15.4)	126,045	161,641	(22.0)
Non-controlling interests	<u>(20)</u>	<u>(157)</u>	(87.3)	<u>133</u>	<u>(80)</u>	NM
Total comprehensive income for the period	<u>45,200</u>	<u>53,305</u>	(15.2)	<u>126,178</u>	<u>161,561</u>	(21.9)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

(Amounts expressed in Singapore dollars)

	Note	Group		Company	
		31.12.22 \$'000	31.12.21 \$'000	31.12.22 \$'000	31.12.21 \$'000
Assets					
Non-current assets					
Property, plant and equipment	10	73,100	63,714	2,084	2,347
Investment property	11	1,073	1,091	-	-
Other intangible asset	12	7,629	7,871	-	-
Intangible assets	13	1,054	1,149	55	51
Right-of-use assets		21,498	14,988	8,803	2,493
Investment in subsidiary corporations		-	-	127,261	104,803
Investment in a joint venture	14	25,600	38,335	-	-
Investment in an associate	15	4,691	4,990	-	-
Deferred tax assets		11,461	22,144	-	-
Other financial assets		1,985	5,931	-	269
Total non-current assets		148,091	160,213	138,203	109,963
Current assets					
Inventories	16	53,290	88,281	22,157	26,902
Trade and other receivables	17	11,270	6,308	27,366	19,724
Other assets		28,888	20,657	15,452	10,073
Other financial assets		13,716	14,469	13,716	14,469
Cash and cash equivalents	18	484,831	474,828	270,046	298,149
Total current assets		591,995	604,543	348,737	369,317
Total assets		740,086	764,756	486,940	479,280
Equity and liabilities					
Current liabilities					
Trade and other payables	19	151,390	148,848	48,288	58,798
Contract liabilities		7,171	1,686	-	-
Lease liabilities		5,154	3,746	2,142	1,367
Other financial liabilities		43	-	43	-
Other liabilities		34,896	36,862	882	1,082
Income tax payable		19,974	26,408	1,881	9,959
Total current liabilities		218,628	217,550	53,236	71,206
Net current assets		373,367	386,993	295,501	298,111
Non-current liabilities					
Other liabilities		1,111	-	484	-
Deferred tax liabilities		9,798	12,346	179	6,125
Lease liabilities		15,502	10,316	6,230	1,021
Other financial liabilities		11,401	18,796	-	-
Total non-current liabilities		37,812	41,458	6,893	7,146
Total liabilities		256,440	259,008	60,129	78,352
Net assets		483,646	505,748	426,811	400,928
Equity, attributable to owner of the company					
Share capital	20	2,343	10,027	2,343	10,027
Retained earnings		452,231	460,852	424,146	390,579
Other reserves		31,592	37,522	322	322
		486,166	508,401	426,811	400,928
Non-controlling interests		(2,520)	(2,653)	-	-
Total equity		483,646	505,748	426,811	400,928
Total equity and liabilities		740,086	764,756	486,940	479,280

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Singapore dollars)

	Group		Group	
	3 Months Ended 31.12.22 \$'000	3 Months Ended 31.12.21 \$'000	12 Months Ended 31.12.22 \$'000	12 Months Ended 31.12.21 \$'000
Cash flows from operating activities:				
Profit before tax	73,239	70,224	188,663	212,326
Interest income	(1,448)	(1,297)	(5,800)	(4,559)
Interest expenses	147	124	507	420
Depreciation of property, plant and equipment	1,464	380	4,803	2,061
Depreciation of right-of-use assets	1,904	1,472	5,430	4,543
Depreciation of an investment property	4	4	18	18
Amortisation of other intangible assets	61	58	242	231
Amortisation of intangible assets	20	44	83	88
Loss (gain) on disposal of property, plant and equipment	4	61	(422)	40
Overprovision of restoration costs	-	(224)	-	(224)
Write-back of expected credit losses on trade and other receivables	(4)	(13)	(4)	(11)
Fair value gain in foreign exchange derivatives	-	-	-	(800)
Fair value loss in forward contract	43	-	43	-
Loss on disposal of other financial assets	-	162	26	162
Fair value change in other financial assets	(176)	72	844	90
Fair value change in call option	2,116	(434)	3,288	(934)
Fair value change in put option	(4,691)	(16,146)	(5,623)	(15,283)
Gain on termination of lease	-	(12)	-	(12)
Loss on lease modification	2	-	2	-
Impairment loss in investment in joint venture	12,692	10,349	12,692	10,349
Inventories (written back) written down	(561)	954	103	947
Share of results of a joint venture	(214)	-	(694)	(646)
Share of results of an associate	36	17	299	183
Unrealised foreign exchange losses, net	9,345	5,861	5,018	9,516
Operating cash flows before changes in working capital	<u>93,983</u>	<u>71,656</u>	<u>209,518</u>	<u>218,505</u>
Inventories	24,623	5,651	34,888	13,559
Trade and other receivables	9,074	2,827	(5,027)	(194)
Other assets	(1,829)	12,030	(8,231)	(5,375)
Trade and other payables	33,948	19,107	1,616	5,197
Other liabilities	(1,742)	12,374	(1,742)	12,374
Contract liabilities	271	(9,007)	5,485	(5,820)
Cash flows generated from operations	<u>158,328</u>	<u>114,638</u>	<u>236,507</u>	<u>238,246</u>
Income tax paid	(10,983)	(15,450)	(52,791)	(62,397)
Net cash flows from operating activities	<u>147,345</u>	<u>99,188</u>	<u>183,716</u>	<u>175,849</u>
Cash flows from investing activities:				
Purchase of property, plant and equipment	(2,330)	(8,882)	(14,683)	(34,421)
Proceeds from disposal of property, plant and equipment	10	139	837	172
Purchase of other intangible assets	-	(358)	-	(358)
Purchase of intangible assets	(10)	(14)	(23)	(40)
Purchase of other financial assets	(9)	(9)	(148)	(1,370)
Proceeds from disposal of other financial assets	-	108	271	108
Dividend received from a joint venture	-	-	737	920
Interest received	1,448	1,297	5,800	4,559
Net cash flows used in investing activities	<u>(891)</u>	<u>(7,719)</u>	<u>(7,209)</u>	<u>(30,430)</u>
Cash flows from financing activities:				
Purchase of treasury shares	(7,684)	-	(7,684)	-
Off-market equal access share buyback	-	-	(140,596)	-
Payment of lease liabilities	(1,187)	(1,963)	(4,982)	(4,800)
Decrease (increase) in cash restricted in use	198	(1,126)	(458)	(1,313)
Net cash flows used in financing activities	<u>(8,673)</u>	<u>(3,089)</u>	<u>(153,720)</u>	<u>(6,113)</u>
Net increase in cash and cash equivalents	137,781	88,380	22,787	139,306
Effects of exchange rate changes on cash and cash equivalents	(9,670)	(1,353)	(13,242)	177
Cash and cash equivalents, statement of cash flows, beginning balance	<u>349,278</u>	<u>380,817</u>	<u>467,844</u>	<u>328,361</u>
Cash and cash equivalents, statement of cash flows, ending balance Note A	<u>477,389</u>	<u>467,844</u>	<u>477,389</u>	<u>467,844</u>
Note A :				
	Group	Group	Group	Group
	3 Months Ended 31.12.22 \$'000	3 Months Ended 31.12.21 \$'000	12 Months Ended 31.12.22 \$'000	12 Months Ended 31.12.21 \$'000
Cash and bank balances	484,831	474,828	484,831	474,828
Less: Cash pledged and cash restricted in use	(7,442)	(6,984)	(7,442)	(6,984)
Cash and cash equivalents in the consolidated cash flow statement	<u>477,389</u>	<u>467,844</u>	<u>477,389</u>	<u>467,844</u>

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Singapore dollars)

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

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(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 2021	344,187	346,760	20,618	(10,591)	314,810	104	22,606	322	(1,109)	(2,573)
<u>Movements in equity</u>										
Total comprehensive income (expense) for the period	39,480	39,526	-	-	37,899	1,627	-	-	-	(46)
Balance at 31 March 2021	383,667	386,286	20,618	(10,591)	352,709	1,731	22,606	322	(1,109)	(2,619)
<u>Movements in equity</u>										
Total comprehensive income for the period	41,967	41,855	-	-	39,370	2,485	-	-	-	112
Balance at 30 June 2021	425,634	428,141	20,618	(10,591)	392,079	4,216	22,606	322	(1,109)	(2,507)
<u>Movements in equity</u>										
Total comprehensive income for the period	26,809	26,798	-	-	25,101	1,697	-	-	-	11
Transfer to statutory reserve	-	-	-	-	(2,811)	-	2,811	-	-	-
Balance at 30 September 2021	452,443	454,939	20,618	(10,591)	414,369	5,913	25,417	322	(1,109)	(2,496)
<u>Movements in equity</u>										
Total comprehensive income (expense) for the period	53,305	53,462	-	-	51,324	2,138	-	-	-	(157)
Transfer to statutory reserve	-	-	-	-	(4,841)	-	4,841	-	-	-
Balance at 31 December 2021	<u>505,748</u>	<u>508,401</u>	<u>20,618</u>	<u>(10,591)</u>	<u>460,852</u>	<u>8,051</u>	<u>30,258</u>	<u>322</u>	<u>(1,109)</u>	<u>(2,653)</u>

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(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 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 ^(a)	(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 ^(b)	(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	(7,684)	-	(7,684)	-	-
Balance as at 31 December 2022	<u>426,811</u>	<u>20,618</u>	<u>(18,275)</u>	<u>424,146</u>	<u>322</u>
Balance at 1 January 2021	330,964	20,618	(10,591)	320,615	322
<u>Movements in equity</u>					
Total comprehensive income for the period	14,390	-	-	14,390	-
Balance as at 31 March 2021	345,354	20,618	(10,591)	335,005	322
<u>Movements in equity</u>					
Total comprehensive income for the period	15,133	-	-	15,133	-
Balance as at 30 June 2021	360,487	20,618	(10,591)	350,138	322
<u>Movements in equity</u>					
Total comprehensive income for the period	6,309	-	-	6,309	-
Balance as at 30 September 2021	366,796	20,618	(10,591)	356,447	322
<u>Movements in equity</u>					
Total comprehensive income for the period	42,098	-	-	42,098	-
Balance as at 31 December 2021	<u>408,894</u>	<u>20,618</u>	<u>(10,591)</u>	<u>398,545</u>	<u>322</u>

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 2021.

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 2022.

There was no change in the accounting policies and methods of computation for the current financial year 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 2021.

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 2021.

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

The auditors have issued a qualified opinion on the Group's financial statements for the financial year ended 31 December 2021 due to the following reasons and updates on the efforts to resolve each audit issue as follows:

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

As disclosed in the audit opinion on page 98 of the 2021 annual report, the Group has terminated the arrangements with its import agents and marketing agents during the financial years 2019 and 2020 respectively. As such, there is no financial impact to the consolidated financial statement for FY2022.

(ii) Classification of payments to promotional companies

As disclosed in the audit opinion on page 98 of the 2021 annual report, the Group is not obliged to make any payments to the sales representatives, as such, the service fees paid to the third-party promotion companies were recorded as marketing fees as part of distribution costs. Therefore the classification of the payments to third -party promotional companies have been recorded correctly in FY2021.

The classification of the payments to promotional companies in FY2022 is consistent with the classification in FY2021. Hence, there is no comparability issue of the classification of payments to promotional companies in FY2022.

Management is of the view that the issues above have been addressed, and do not have any financial impact on FY2022.

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 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 2022

Group

	<u>Direct selling</u> \$ '000	<u>Franchise</u> \$ '000	<u>Others</u> \$ '000	<u>Un- allocated</u> \$ '000	<u>Total</u> \$ '000
External sales and services	265,084	291,562	702	-	557,348
Recurring EBITDA	77,185	133,127	(16,761)	-	193,551
Interest income	2,631	2,889	280	-	5,800
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:					
Investment in an associate	-	-	-	4,691	4,691
Investment in a joint venture	-	-	-	25,600	25,600
Deferred tax assets	-	-	-	11,461	11,461
Other intangible assets	-	-	-	7,629	7,629
Investment property	-	-	-	1,073	1,073
Other financial assets	-	-	-	15,701	15,701
Other assets	-	-	-	28,888	28,888
Other unallocated amounts	-	-	-	10,800	10,800
Total group assets	243,031	303,032	88,180	105,843	740,086
Total liabilities for reportable segments	(42,215)	(163,091)	(9,918)	-	(215,224)
Unallocated:					
Other financial liabilities	-	-	-	(11,444)	(11,444)
Deferred tax liabilities	-	-	-	(9,798)	(9,798)
Income tax payable	-	-	-	(19,974)	(19,974)
Total group liabilities	(42,215)	(163,091)	(9,918)	(41,216)	(256,440)

4 Segment and revenue information (Cont'd)

4.1 Reportable segments (Cont'd)

Business Segments

For the year ended 31 December 2021

Group

	<u>Direct</u> <u>selling</u> \$ '000	<u>Franchise</u> \$ '000	<u>Others</u> \$ '000	<u>Un-</u> <u>allocated</u> \$ '000	<u>Total</u> \$ '000
External sales and services	292,849	286,074	1,113	-	580,036
Recurring EBITDA	94,444	118,528	1,693	-	214,665
Interest income	2,136	2,316	107	-	4,559
Interest expense	(204)	(77)	(139)	-	(420)
Depreciation	(3,825)	(1,973)	(824)	-	(6,622)
Amortisation	(16)	(3)	(300)	-	(319)
Share of results of a joint venture	-	-	646	-	646
Share of results of an associate	-	-	(183)	-	(183)
Profit before tax from continuing operations	92,535	118,791	1,000	-	212,326
Income tax expense					(58,373)
Profit from continuing operations					153,953
<u>Other segment items</u>					
Additions to property, plant and equipment	564	235	33,622	-	34,421
Additions to intangible assets	30	10	-	-	40
<u>Assets and liabilities</u>					
Total assets for reportable segments	311,338	302,090	29,447	-	642,875
Unallocated:					
Investment in an associate	-	-	-	4,990	4,990
Investment in a joint venture	-	-	-	38,335	38,335
Deferred tax assets	-	-	-	22,144	22,144
Other intangible assets	-	-	-	7,871	7,871
Investment property	-	-	-	1,091	1,091
Other financial assets	-	-	-	20,400	20,400
Other assets	-	-	-	20,657	20,657
Other unallocated amounts	-	-	-	6,393	6,393
Total group assets	311,338	302,090	29,447	121,881	764,756
Total liabilities for reportable segments	(57,870)	(128,053)	(15,535)	-	(201,458)
Unallocated					
Other financial liabilities	-	-	-	(18,796)	(18,796)
Deferred tax liabilities	-	-	-	(12,346)	(12,346)
Income tax payable	-	-	-	(26,408)	(26,408)
Total group liabilities	(57,870)	(128,053)	(15,535)	(57,550)	(259,008)

4 Segment and revenue information (Cont'd)

4.2 Disaggregation of revenue

	Group	
	For the year ended 31	
	December	
	2022	2021
	\$'000	\$'000
Primary geographical markets		
Singapore	40,793	44,404
People's Republic of China	292,062	287,013
Taiwan	143,248	162,906
Malaysia	28,095	38,154
Others	53,150	47,559
	<hr/>	<hr/>
Total revenue	557,348	580,036
	<hr/>	<hr/>

	Group	
	For the year ended 31	
	December	
	2022	2021
	\$'000	\$'000
Major operating segments		
Direct selling	265,084	292,849
Franchise	291,562	286,074
Others	702	1113
	<hr/>	<hr/>
Total revenue	557,348	580,036
	<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-22 \$'000	31-Dec-21 \$'000	31-Dec-22 \$'000	31-Dec-21 \$'000
Financial assets:				
Non-Current:				
<u>Financial assets at fair value through profit or loss</u>				
Other financial assets	1,985	5,662	-	-
<u>Financial assets at amortised cost</u>				
Other financial assets	-	269	-	269
Total financial assets (non-current)	1,985	5,931	-	269
Current:				
<u>Financial assets at fair value through profit or loss</u>				
Other financial assets	13,448	14,199	13,448	14,199
<u>Financial assets at amortised cost</u>				
Cash and bank balances	484,831	474,828	270,046	298,149
Other financial assets	268	270	268	270
Trade and other receivables	11,270	6,308	27,159	19,082
Total financial assets at amortised cost (current)	496,369	481,406	297,473	317,501
Total financial assets (current)	509,817	495,605	310,921	331,700
Total financial assets	511,802	501,536	310,921	331,969
	Group		Company	
	31-Dec-22 \$'000	31-Dec-21 \$'000	31-Dec-22 \$'000	31-Dec-21 \$'000
Financial liabilities:				
Non-Current:				
<u>Financial liabilities at fair value through profit or loss</u>				
Other financial liabilities	11,401	18,796	-	-
<u>Financial liabilities at amortised cost</u>				
Lease liabilities	15,502	10,316	6,230	1,021
Total financial liabilities (non-current)	26,903	29,112	6,230	1,021
Current:				
<u>Financial liabilities at amortised cost</u>				
Trade and other payables	151,390	148,848	48,288	58,798
Other financial liabilities	43	-	43	-
Lease liabilities	5,154	3,746	2,142	1,367
Total financial liabilities (Current)	156,587	152,594	50,473	60,165
Total financial liabilities	183,490	181,706	56,703	61,186

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:

	Group As at 31 Dec 2022 \$'000		Group As at 31 Dec 2021 \$'000	
	Fair value measurements at the reporting date using Quoted prices in active markets for identical instruments (Level 1)		Fair value measurements at the reporting date using Quoted prices in active markets for identical instruments (Level 1)	
		Significant unobservable inputs (Level 3)		Significant unobservable inputs (Level 3)
Recurring fair value measurements assets:				
Other financial assets				
- Financial instruments at FVPL	13,448	–	14,199	–
- Call option – Pedal Pulses Ltd.	–	1,985	–	5,662
Recurring fair value measurements liabilities:				
Other financial liabilities				
- Put option – Pedal Pulses Ltd.	–	(11,401)	–	(18,796)

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):

	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 2021 and 1 January 2022	5,662	(18,796)	(13,134)
Net fair value change in profit or loss	(3,288)	5,623	2,335
Foreign exchange adjustment	(389)	1,772	1,383
31 December 2022	1,985	(11,401)	(9,416)

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:

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

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

6. Other operating income

	Group	
	For the year ended	
	31 December	
	2022	2021
	\$'000	\$'000
Rental income	124	114
Government grants	6,963	7,737
Miscellaneous income	1,171	943
	<hr/>	<hr/>
	8,258	8,794
	<hr/>	<hr/>

7. (Other losses) Other gains, net

	Group	
	For the year ended	
	31 December	
	2022	2021
	\$'000	\$'000
Fair value loss on other financial assets	(844)	(90)
Fair value loss on forward contract	(43)	–
Fair value gain on foreign exchange derivatives	–	800
Fair value change in call option	(3,288)	934
Fair value change in put option	5,623	15,283
Inventories written-down, net	(103)	(947)
Write back of expected credit losses on trade and other receivables, net	4	11
Foreign exchange (losses) gains, net	(18,558)	2,086
Gain (loss) on disposal of property, plant and equipment	422	(40)
Loss on disposal of other financial assets	(26)	(162)
Over provision of restoration costs	–	224
Gain on termination of leases	–	12
Loss on lease modification	(2)	–
Impairment loss on investment in a joint venture	(12,692)	(10,349)
	<hr/>	<hr/>
	(29,507)	7,762
	<hr/>	<hr/>

8. Profit before income tax

	Group	
	For the year ended	
	31 December	
	2022	2021
	\$'000	\$'000
<u>Included in distribution costs</u>		
Convention expenses	24,138	37,259
Commission expenses	90,821	101,744
Franchise sales related expenses	12,577	14,524
<u>Included in administrative expenses</u>		
Employee benefit expenses	71,406	74,590
Amortisation of intangible assets	83	88
Amortisation of other intangible asset	242	231
Depreciation of right-of-use assets	5,430	4,543
Depreciation of property, plant and equipment	4,803	2,061
Depreciation of investment property	18	18

9. Income tax expense

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

	Group	
	For the year ended	
	31 December	
	2022	2021
	\$'000	\$'000
Consolidated statement of profit or loss:		
Current income tax:		
- Current income taxation	38,156	42,996
- (Over) Under provision in respect of previous years	(4,110)	1,573
- Withholding tax	4,117	4,762
	38,163	49,331
Deferred tax expenses:		
- Origination and reversal of temporary differences	14,241	9,042
Income tax expense recognised in profit or loss	52,404	58,373

10. Property, plant and equipment

During the year ended 31 December 2022, the Group acquired assets amounting to \$14,683,000 (31 December 2021: \$34,421,000) and disposed of assets amounting to \$2,324,000 (31 December 2021: \$1,925,000).

11. Investment property

	Group	
	As at 31 Dec 2022 \$'000	As at 31 Dec 2021 \$'000
At cost	1,400	1,400
Less: accumulated amortisation	(327)	(309)
Net book value	<u>1,073</u>	<u>1,091</u>

12. Other intangible assets

	Group	
	As at 31 Dec 2022 \$'000	As at 31 Dec 2021 \$'000
At cost	9,095	9,095
Less: accumulated amortisation	(1,466)	(1,224)
Net book value	<u>7,629</u>	<u>7,871</u>

13. Intangible assets

	Group		Company	
	As at 31 Dec 2022 \$'000	As at 31 Dec 2021 \$'000	As at 31 Dec 2022 \$'000	As at 31 Dec 2021 \$'000
Goodwill	1,016	1,016	–	–
Licenses	8,456	8,871	–	–
Trademarks	938	927	682	671
Customer relationship	740	740	–	–
	<u>11,150</u>	<u>11,554</u>	<u>682</u>	<u>671</u>
Less: accumulated amortisation	(10,096)	(10,405)	(627)	(620)
Net book value	<u>1,054</u>	<u>1,149</u>	<u>55</u>	<u>51</u>

14. Investment in a joint venture

	Group	
	As at 31 Dec 2022	As at 31 Dec 2021
	\$'000	\$'000
Beginning of financial year	38,335	48,958
Dividend received	(737)	(920)
Share of post-acquisition results	694	646
Less: Impairment loss charged to profit and loss	(12,692)	(10,349)
End of financial year	25,600	38,335

15. Investment in an associate

	Group	
	As at 31 Dec 2022	As at 31 Dec 2021
	\$'000	\$'000
Beginning of financial year	4,990	5,173
Share of post-acquisition results	(299)	(183)
End of financial year	4,691	4,990

16. Inventories

	Group		Company	
	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
<i>Statement of financial position:</i>				
Finished goods (at lower of cost and net realisable value)	52,826	88,003	22,157	26,902
Raw materials	126	124	–	–
Work-in-progress	209	–	–	–
Packaging materials	129	154	–	–
Total inventories	53,290	88,281	22,157	26,902

17. Trade and other receivables

	Group		Company	
	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Financial assets				
<i>Trade receivables</i>				
Third parties	2,772	2,163	208	651
Amounts due from subsidiaries	–	–	25,916	28,776
Less: Allowance for expected credit losses	(1,610)	(1,556)	(11,881)	(16,872)
	1,162	607	14,243	12,555
<i>Other receivables</i>				
Third parties	7,849	3,932	548	1,233
Refundable rental deposits	2,509	2,033	2,051	1,271
Amount due a related company	12	–	12	–
Amounts due from subsidiaries	–	–	19,882	14,347
Less: Allowance for expected credit losses	(262)	(264)	(9,370)	(9,682)
	10,108	5,701	13,123	7,169
Total trade and other receivables	11,270	6,308	27,366	19,724
Less: GST and VAT receivables	–	–	(207)	(642)
Total trade and other receivables at amortised cost	11,270	6,308	27,159	19,082

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 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Cash at banks	484,831	474,828	270,046	298,149
Cash pledged for bank facilities	(3,004)	(1,551)	(3,000)	(1,500)
Cash pledged for security deposits	(4,638)	(5,433)	–	–
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the financial year	477,389	467,844	267,046	296,649

19. Trade and other payables

	Group		Company	
	As at 31 Dec 2022 \$'000	As at 31 Dec 2021 \$'000	As at 31 Dec 2022 \$'000	As at 31 Dec 2021 \$'000
Trade payables				
- Third parties	6,608	9,072	2,393	7,155
Accrued operating expenses	50,382	54,476	39,519	41,030
	<u>56,990</u>	<u>63,548</u>	<u>41,912</u>	<u>48,185</u>
Other payables				
- Third parties	94,400	85,300	5,174	10,613
- Amount due to subsidiaries	–	–	970	–
	<u>94,400</u>	<u>85,300</u>	<u>6,376</u>	<u>10,613</u>
Total trade and other payables	151,390	148,848	48,288	58,798
Less: GST and VAT payables	(3,978)	(1,723)	–	–
Total trade and other payables at amortised cost	<u>147,412</u>	<u>147,125</u>	<u>48,288</u>	<u>58,798</u>

20. Share capital

(a) Share Capital

	Group and Company		Group and Company	
	Issued ordinary shares (excluding treasury shares)		Issued and fully paid up capital (excluding treasury shares)	
	No. of shares		\$'000	
	2022	2021	2022	2021
At 1 January	544,100,114	544,100,114	10,027	10,027
Share purchased and cancelled	<u>(54,410,011)</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 31 March	489,690,103	544,100,114	10,027	10,027
Share purchased and cancelled	<u>(48,969,010)</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 30 June and 30 September	440,721,093	544,100,114	10,027	10,027
Share buy back – held as treasury shares	<u>(4,600,900)</u>	<u>–</u>	<u>(7,684)</u>	<u>–</u>
At 31 December	<u>436,120,193</u>	<u>544,100,114</u>	<u>2,343</u>	<u>10,027</u>

20. Share capital (Cont'd)

(b) Treasury Shares

	<u>Group and Company</u>		<u>Group and Company</u>	
	<u>No. of shares</u>		<u>\$'000</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
At 1 January, 31 March, 30 June and 30 September	10,291,900	10,291,900	10,591	10,591
Share buy back – held as treasury shares	<u>4,600,900</u>	<u>–</u>	<u>7,684</u>	<u>–</u>
31 December	<u>14,892,800</u>	<u>10,291,900</u>	<u>18,275</u>	<u>10,591</u>

For the three months ended 31 December 2022, the company purchased 4,600,900 of its ordinary shares (3 months ended 31 December 2021: Nil shares) by way of on-market purchase at share price ranging from S\$1.61 to S\$1.76 to be held as treasury shares.

The total number of issued ordinary shares excluding treasury shares as at 31 December 2022 was 436,120,193 (31 December 2021: 544,100,114).

There were no outstanding convertibles as at 31 December 2022 and 31 December 2021.

The total number of treasury shares as at 31 December 2022 was 14,892,800 (31 December 2021: 10,291,900).

21. Dividend

In view of the Group's short and medium term commitment which include but are not limited to, working capital requirements and corporate actions capital needs, as well as taking into consideration the uncertain business climate explained further in Section 4 of Other Information, no dividends have been declared/recommended by the Board for the financial year ended 31 December 2022.

22. Earnings per share

	GROUP					
	3 months ended 31.12.22	3 months ended 31.12.21	Change %	12 months ended 31.12.22	12 months ended 31.12.21	Change %
Earnings per share of Group:						
(a) Based on weighted average number of ordinary shares on issue (cts); and	10.87	9.43	15.3	28.82	28.25	2.0
(b) On a fully diluted basis (cts)	10.87	9.43	15.3	28.82	28.25	2.0

For comparative purposes, the earnings per ordinary shares for the three months ended 31 December 2022 and 31 December 2021 are calculated based on the profit for the period of approximately \$47.7 million and \$51.3 million respectively. The earnings per ordinary shares for the year ended 31 December 2022 and 31 December 2021 are calculated based on the profit for the period of approximately \$136.3 million and \$153.7 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the three months ended 31 December 2022 is 438,936,277 (3 months ended 31 December 2021: 544,100,114). The weighted average number of ordinary shares (excluding treasury shares) for the year ended 31 December 2022 was 472,797,973 (12 months ended 31 December 2021: 544,100,114).

23. Net asset value per share

	GROUP		COMPANY	
	31.12.22	31.12.21	31.12.22	31.12.21
Net asset value per ordinary shares (cents)	111.48	93.44	97.87	73.69

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 31 December 2022 was 436,120,193 (31 December 2021: 544,100,114).

24. Borrowings and debt securities

The Group did not have bank borrowings and debt securities as at 31 December 2022 and 31 December 2021.

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	
	2022	2021
	\$'000	\$'000
With persons related to directors of the Company		
Sale of goods	105	61
Commission expenses	(598)	(514)
Marketing fee	(190)	(253)
Consultancy fee expenses	(148)	(127)
<hr/>		
With companies related to directors of the Company		
Consultancy fee expenses	(22)	–
Gift expenses	(12)	–
<hr/>		
With directors of the Company		
Purchase of books	–	15
Royalty fee for books printing	–	100
<hr/>		

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 2022 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 2022 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

Profit attributable to owners of the parent company declined to \$47.7 million in 4Q2022 and declined to \$136.3 million for FY2022, mainly due to the following factors:

The Group's **revenue** increased by 14.6% or \$26.9 million to \$211.0 million in 4Q2022 when compared to the same period last year, mainly due to stronger performance of our China, Taiwan and Hong Kong markets following the easing of the covid restrictions, resulting in the resumption of marketing events and activities while offsetting revenue decline in the markets of Singapore, Malaysia, Indonesia, Australia and New Zealand. The improved revenue growth in 4Q2022 resulted in a revenue decline of 3.9% for FY2022, compared to 12.5% for the nine months ended 30 September 2022;

In line with the increased revenue in 4Q2022 when compared to 4Q2021, **cost of sales** increased to \$45.6 million in 4Q2022 from \$37.1 million in 4Q2021. The Group's gross profit margin declined to 78.4% in 4Q2022 mainly due to price promotion on certain products in our China market, increased cost of purchase for raw materials as well as higher manufacturing costs incurred by our Tuas facility due to higher production activities since achieving Temporary Occupation Permit when compared to the same period last year. The Group's gross profit margin for FY2022 remained relatively stable at 79.5%;

Interest income increased to \$1.4 million in 4Q2022 vis-à-vis \$1.3 million in 4Q2021, mainly due to higher interest derived from the Group's cash placed in fixed deposits;

Distribution costs decreased from \$68.3 million in 4Q2021 to \$49.1 million in 4Q2022 mainly due to lower convention expenses when compared to the same period last year as well as lower freelance commissions in line with lower revenue contribution from the Direct Selling segment during the period;

Administrative expenses increased from \$18.9 million in 4Q2021 to \$29.2 million in 4Q2022 mainly attributable to higher professional fees, higher management and staff costs as well as commissioning costs relating to Site Acceptance Test of our manufacturing equipment for our

Tuas facility. As a result, administrative expenses in FY2022 increased 5.2% to \$94.9 million in FY2022 vis-à-vis \$90.2 million in FY2021;

Finance costs relating to lease expenses increased marginally to \$147,000 in 4Q2022 vis-à-vis 4Q2021;

Net other losses of \$22.9 million in 4Q2022 were mainly attributable to the impairment of the Group's investment in a joint venture in the United Kingdom ("UK"), and net foreign exchange losses from settlement of trade receivables denominated in Chinese Yuan, as well as revaluation of cash and cash equivalents denominated in United States Dollars as the Chinese Yuan and United States Dollars were significantly weaker against Singapore Dollars in 4Q2022. Overall, net other losses of \$29.6 million was recorded in FY2022 due to the same reasons above;

Share of results of our joint venture in the Group's UK joint venture Pedal Pulses Limited was \$214,000 in 4Q2022 mainly due to share of profits for the period, offsetting amortisation expenses of intangible assets identified during the purchase price allocation ("PPA") exercise;

Share of losses for our associated company increased by \$19,000 in 4Q2022 to \$36,000 mainly due to higher net losses incurred by Celligenics; and

The Group recorded higher **income tax expense** of \$25.3 million in 4Q2022 when compared to \$18.7 million in 4Q2021 mainly due to the effect of Group consolidation adjustment on unrealised profits on inventories held by our subsidiaries as at 31 December 2022. As a result, the effective tax rate for FY2022 was higher at 27.8% when compared to FY2021 at 27.5%.

Consolidated Statement of Financial Position

Total assets (Group) decreased by \$24.7 million from \$764.8 million as at 31 December 2021 to \$740.1 million as at 31 December 2022, mainly due to:

- Decrease in investment in joint venture of \$12.7 million due to impairment loss;
- Decrease in deferred tax assets of \$10.7 million due to reduction in unrealised profits from inventory;
- Decrease in total other financial assets of \$4.7 million due to fair value changes in call options in relation to the acquisition of Pedal Pulses Limited;
- Decrease in inventories by \$35.0 million as a result of a better than expected sales performance in 4Q2022, leading to lower inventory balance in China as at 31 December 2022;

This was partially offset by a \$9.4 million increase in property, plant and equipment in relation to our Tuas manufacturing facility, from \$63.7 million to \$73.1 million as at 31 December 2022, an increase in right-of-use of assets of \$6.5 million due to the new lease of the Group's HQ, increase of trade and other receivables of \$5.0 million due to reclassification of GST receivable from a certain subsidiary, increase in other assets of \$8.2 million due to advance payment made to suppliers from the Franchise segment and in relation to the relocation of the Group's HQ, and various subsidiaries as well as the increase in cash and cash equivalents of \$10.0 million due to reasons stated in the consolidated statement of cash flows section below.

Total liabilities (Group) decreased by \$2.6 million from \$259.0 million as at 31 December 2021 to \$256.4 million as at 31 December 2022 was mainly due to:

- Decrease in income tax payables of \$6.4 million due to tax payment made during the year;

- Decrease in total other financial liabilities of \$7.4 million mainly due to fair value changes to the put options in relation to Pedal Pulses Limited, the Group's UK acquisition in 2020;
- Decrease in deferred tax liabilities of \$2.5 million due to reduction of provision for withholding tax from Taiwan subsidiary;

The above decline was offset by the increase in trade and other payables by \$2.5 million due to higher sales related expenses from the Franchise segment, increase contract liabilities by \$5.5 million due to higher deposits received from customers, increase of total lease liabilities by \$6.6 million mainly due to new leases from the relocation of HQ office during the year.

Consolidated Statement of Cash Flows

In 4Q2022, **net cash flows from operating activities** of \$147.3 million was mainly attributable to the Group's net profit before tax of \$73.2 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 used in investing activities of \$0.9 million in 4Q2022 was mainly due to increase in property, plant and equipment in relation to our Tuas manufacturing facility, offsetting interest received during the period.

Net cash flow used in financing activities of \$8.7 million in 4Q2022 was mainly due to purchase of treasury shares and lease liabilities paid during the period.

As at 31 December 2022, the Group maintained approximately \$484.8 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.

Since China's sudden announcement of reopening and rollback of many Covid-related restrictions in December 2022, coupled with the incoming migration during Chinese New Year, there has been a rapid surge in Covid infections. Before these waves of infections eventually wears out, there are still severe disruptions to the economy and people became very rational in their consumption habits. 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 relations and the ongoing Russia/Ukraine war.

Other factors that may affect the Group's performance in the next reporting period and for the next 12 months are as follows:

- As the Group makes payment to raw material suppliers in United States Dollar and certain cash balances are held in United States Dollar, the rising interest rates and inflation rate may have a positive or negative impact to the United States Dollar, hence, impacting the Group's profitability.
- The Group's China subsidiary currently enjoys certain incentives, which if removed or changed, may result in negative impact to the Group's profitability, given China's contribution to the Group;
- While flights and shipment issues have improved vastly to almost pre-Covid days, there are still some challenges brought about by port congestion, resulting in possible short term inventory shortages;
- Professional fees may be incurred for services which include but are not limited to, identification and assessment of M&A opportunities, corporate actions, registrations and enforcement of the Group's intellectual properties in various markets, and professional updates of various regulations the Group is subject to in the jurisdictions it operates in, etc.;
- Higher administrative expenses, e.g. management and staff costs are still expected for the Group in the periods ahead. There will also be higher expenses and depreciation in relation to the relocation/refurbishment of the Group's HQ and certain Regional Centres; and
- Fluctuating currency exchange rates of key markets which the Group operates in against the Singapore Dollar, may positively or negatively impact the Group's performance. Management is taking active measures to mitigate these potential risks.

Other ongoing factors that may affect the Group's performance include further pandemic restrictions in key markets we operate in, timeline for product license registration and renewal in key markets, natural disasters, unanticipated regulatory changes 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 2022	
	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	20	NA
- Freelance commission paid	262	NA
- Marketing fee paid	182	NA
Pek Jia Rong ⁽¹⁾		
- Sales	48	NA
- Freelance commission paid	237	NA
Pek Jia Xuan ⁽¹⁾		
Sales	30	NA
Freelance commission paid	95	NA
Tan Geok Fong Felicia ⁽²⁾		
- Sales	32	NA
- Freelance commission paid	50	NA
- Marketing fee paid	115	NA
Huan Beng Choon ⁽³⁾		
- Sales	25	NA
- Freelance commission paid	181	NA
Seng Beng Huat ⁽⁴⁾		
- Consultancy fee paid	148	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

	Group		
	2022 (\$'000)	2021 (\$'000)	% Increase/ (Decrease)
(a) Sales reported for the first half year	246,068	278,439	(11.6%)
(b) Operating profit after tax before deducting minority interests reported for the first half year	66,247	77,258	(14.3%)
(c) Sales reported for second half year	311,280	301,597	3.2%
(d) Operating profit after tax before deducting minority interest reported for second half year	70,012	76,695	(8.7%)

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 2022

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	45	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	52	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

24 February 2023