BEST WORLD INTERNATIONAL LTD

(Company Registration: 199006030Z)

Incorporated in the Republic of Singapore

Annual General Meeting

Questions & Answers

Appendix 1

No.	Questions from Shareholders	Replies
1	Management needs to clearly layout use of cash for buyback and dividends and not give general answers. Also why is company not engaging with analysts and institutional shareholders?	**Ban Chin:** The cash reserves are primarily intended to support the operating cash needs of the company. However, we also have plans to use the cash for other purposes such as expanding into new markets, investing in production capabilities, setting up or refurbishing 2-3 Regional Centers (RCs) per year, current M&A obligations, and capitalizing on any M&A opportunities that may arise. We are currently seeking the right opportunity to engage with analysts and institutional shareholders while also fulfilling our other obligations.
2	No dividends were declared for the past few FYs, how does Mr Adrian Chan intend to help represent minority shareholders' interest moving forward?	**Adrian:** Considering the long-term perspective and the best interest of the Company, we aim to balance the interests of all shareholders, both present and future, while also meeting the needs of the company. While we may not be able to disclose all the details, please be assured that the Board take the issue on the use of cash, deployment of cash for dividend or share buyback very seriously. We will always prioritize the company's interests above all. **Ban Chin:** Additionally, we believe it is prudent to reserve cash to address the uncertainties that may arise, especially given the current high-interest rate environment. Taking a conservative approach, it has helped us navigate through the challenging period in 2019.

3	What are the top 3 management priorities for the next 12 months?	**Ban Chin:** In terms of upstream operations, our Tuas facility has completed the tube line and is now preparing for the site acceptance test. We anticipate passing the test by the end of the year and taking over the entire line from the vendor. Additionally, we have started manufacturing certain formulae in-house, which is indicated by the "Made in Singapore" label on the products. In 2023, our team will continue to focus on developing new products and strengthening our product line. On the IT front, we will prioritize building up our cybersecurity measures to ensure secure transactions and ensuring the smooth operation of both the frontend and backend systems. In terms of key revenue generation in China, our operations were impacted by the COVID-19 shutdown, but we are now putting in efforts to rejuvenate the business. We are working closely with our distributors and customers to reignite interest and consumption, while also launching new health supplement into the market. We are heavily reliant on DR's Secret for the Chinese market and are engaging our distributors in respective markets to rebuild. Overall, we are cautiously optimistic about the future and are committed to our continued growth and success.
4	Can you elaborate on the decrease in carrying value of Pedal Pulse.	**Koh Hui:** Pedal Pulses, which was acquired by the Company, experienced a decrease in its carry value during the valuation exercise. This was due to its poor performance in FY2022, which did not meet the budgeted revenue, as a result of the impact of the Covid-19 pandemic, which affected their ability to grow in line with their original budget. As a result, an impairment is required, hence a decrease in the carry value of Pedal Pulses. Despite this, Pedal Pulses has remained profitable since the acquisition.

5	Use of cash for working capital and regional centres is not going to be more than $10-20m but the cash balance is hundreds of millions. So, I am afraid your answer about hoarding cash is not satisfactory. Do you have specific M&A targets you are looking at?	**Ban Chin:** As sales increase, we anticipate that our subsidiaries will need to use much more than $20 million in cash, and the amount to be held will ensure that our subsidiaries hold at least six months' worth of inventory to ensure that our distributors and customers do not experience any loss of sales due to inventory shortages. This has become even more important during the Covid-19 restrictions, which have disrupted shipments to our subsidiary. Our priority is to maintain a positive customer experience, and avoiding inventory shortages is key to achieving this. We believe that it is important to maintain these funds to support the growth of our business, rather than distributing them as dividends, which could lead to a need for fundraising in the future. Regarding mergers and acquisitions activity, we are constantly exploring opportunities and discussing them with advisors. We carefully filter these opportunities, and if any seem promising, we will promptly inform our shareholders.
6	Can the management share about how be we tackling the challenging situation in China market? And what is the current status?	**Ban Chin:** While we cannot control the direction of the country's economy, we plan to work closely with our local distributors and customers to move forward. We aim to promote our brand awareness by projecting a strong brand image, launching new products, and staying top-of-mind with consumers when they think of skincare. It may take some time, but we believe that with our efforts, we can achieve success in the future.

7	Has BWL been encountering issues with repatriation of cash/profit from China?	**Koh Hui:** Remitting dividend from China is a lengthy process that involves satisfying various requirements, including completing the statutory and tax audits, notifying the bank and relevant authorities about the remittance, fulfilling tax obligations (i.e., paying withholding taxes), and maintaining a certain amount as a statutory reserve before repatriating any dividend. We have been successfully repatriating dividends from China over the past few years.
8	With the opening of China from covid could you share how was our performance for the first quarter for China.	**Ban Chin:** Kindly refer to the Quarter 1 (Q1) result announcement that will be made soon.
9	With reference to the RegCo no-objection notification letter Condition 2a, in the very unfortunate event that BW is unable to get a satisfactory legal opinion for unforeseen reasons in a particular year, has the management consulted with SGX RegCo what will be the likely consequence? Is there any contingency plan prepared? How likely does the management see the possibly that this condition be lifted?	**Ban Chin:** If there is a change in regulations in China, we must understand the nature of the change and determine how best to maintain business operations there. It is important to work closely with local regulators and the ministry, keeping a two-way dialogue to receive constant updates from businesses operating in the region. A contingency plan will only be developed once we have a clear understanding of the regulatory changes and their potential impact. We will continue to monitor the situation closely. The Board will evaluate the continuing need to issue the legal opinion and communicate with SGX.
10	Do directors have plan to delist the Company?	**Ban Chin:** If there’s any corporation action (i.e., mergers and acquisitions, privatization), we will keep all shareholder informed via SGXnet.

11	Despite covid your China revenues and profits in 2022 were higher than 2021. So shouldn't 2023 be a much better year in China?	**Ban Chin:** Quarter 4 (Q4) 2022 performed exceptionally well due to a strong push in the market, which justifies the positive results. However, it is important to consider seasonality factors. As we move into 2023, it will be crucial to assess how the market is performing and what the overall customer sentiment is before making any assumptions about the financial year. There is still much uncertainty ahead, and we cannot conclude that it will be a better year until we have more information.
12	How much of cash balance of $485 mil is in China and how much of cash is in interest yielding deposits and what is the current yield?	**Koh Hui:** At the group level, we currently have a cash balance of $484 million, with $270 million at the company level, and $116 million at the subsidiary level in China. We do not encourage holding surpluses at our subsidiaries and instead aim to remit any surplus back to the parent company via dividends or trade payments. The cash received from the subsidiaries will be deposited into an interest-yielding products account with a typical yield of 2% to 4% per annum. Our average yield for interest income received was around 2% per annum.
13	Are cash in bank balances in China high in percentage terms relative to total cash held by the Group & have auditors verified the China bank balances?	**Koh Hui:** Bank balance in China is about 24% ($116 million) as of Balance Sheet date. The cash balances have been verified by the auditor through their audit procedure.

14	Receivables have almost doubled from 2021. It has grown some 78% whilst sales have dropped 4%. Can management please provide some colour on this matter? Is BWL having trouble with collection?	**Koh Hui:** We sell our products on a cash term basis. As disclosed in Note 21 of the Annual Report, under Trade and Other Receivables, of which Trade Receivables is approximately $1 million. This outstanding receivables is considered immaterial when compared to our full year revenue of $557 million.
15	Why no buybacks are being done in last few months even though share price is still very depressed, and valuations are attractive?	**Ban Chin**: There are several factors to consider before engaging share buybacks, such as the current window period due to full year or quarterly result announcement, we are not able to proceed with a share buyback program. Additionally, if the Company is considering any potential M&As or corporate actions, there may be further restrictions on our ability to engage in share buybacks. However, when the opportunity arises, we will consider the appropriate quantum for any future share buybacks.
16	Why the need to keep inventory of 6 months?	**Koh Hui:** As of the Balance Sheet date, the inventory holdings is a 6-month buffer at the group level. It has been reduced for FY2022 as compared to FY2021, due to supply chain issues. We usually keep 8 to 10 months' worth of inventory in previous years, to provide sufficient buffer for any increase in demand during the year end.