

ANNUAL
REPORT
2022

DR's
Secret

ITALIA

SG Singapore

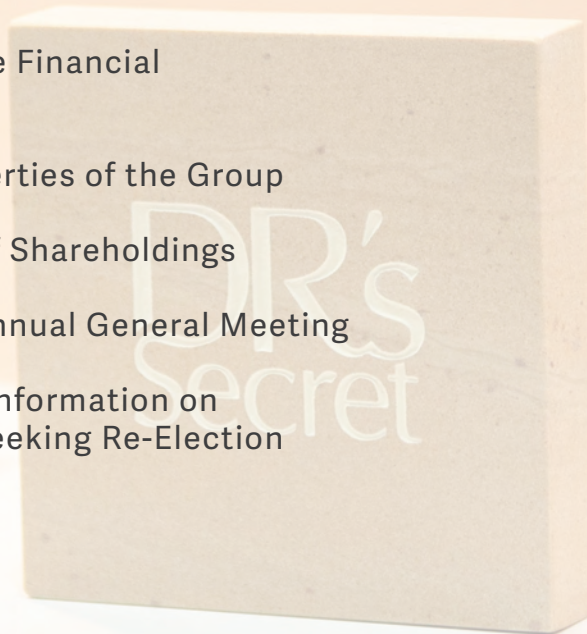
INCLUSIVE

STORIES



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C O N T E N T S



I used to rely on heavy makeup everyday, to cover all comedones, acne scars and my yellowish skin. Since becoming a mother, I hardly had time for makeup.

So, I was very intrigued by the idea of going foundation free when I came across DR's Secret.

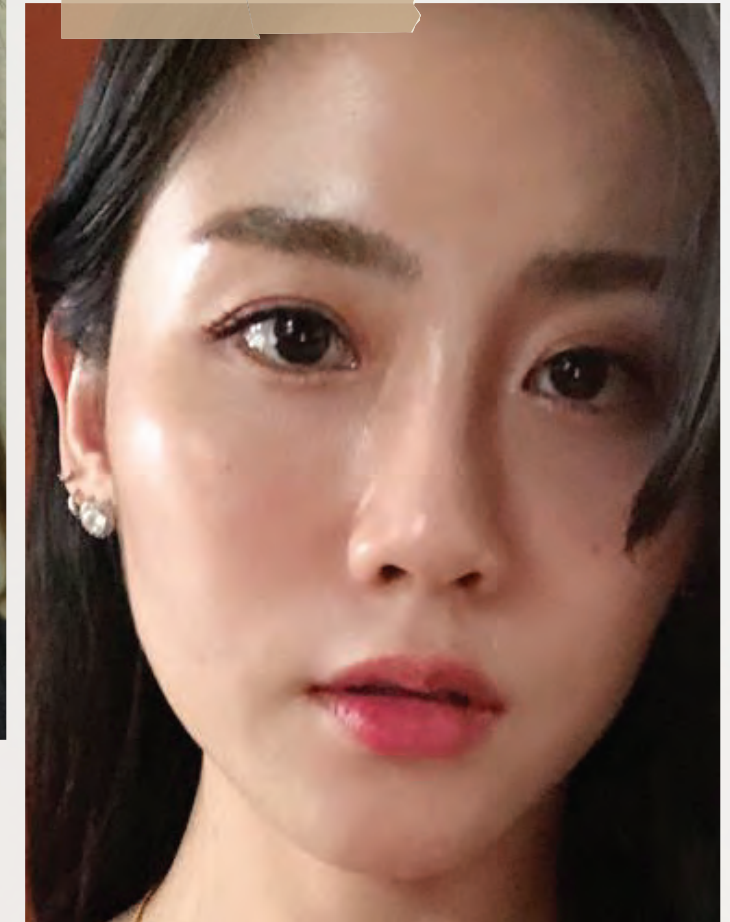
- Chanee

TESTIMONIALS

My skin barrier was weak due to past laser treatments, so it took a while for my skin to adjust to the products.



Before



After

In just two weeks, 70% of my comedones were gone, acne scars lightened and my skin tone looked much brighter and healthier.

Two years ago, my best friend tried DR's Secret products and insisted that I give it a try too.

Two weeks in, I was sold!
It was amazing to be able to see the difference so visibly.

That's when I decided to make the switch to DR's Secret.

- Summer



LIF in particular was a game changer for me, especially for my stubborn liver spots.

Every time I use it, my skin feels more lifted and my laugh lines are less visible.

I highly recommend **LIF** to everyone.
It really helps to increase the efficacy of other products!





LONDON



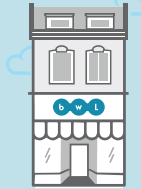
DUBAI



MYANMAR



LAOS



CHANGSHA



HANGZHOU



SEOUL



JAPAN



TAIPEI
TAICHUNG
KAOHSIUNG



HONG KONG
MACAU



BANGKOK



CAMBODIA



HO CHI MINH CITY



MANILA



KUALA LUMPUR
JOHOR BAHRU



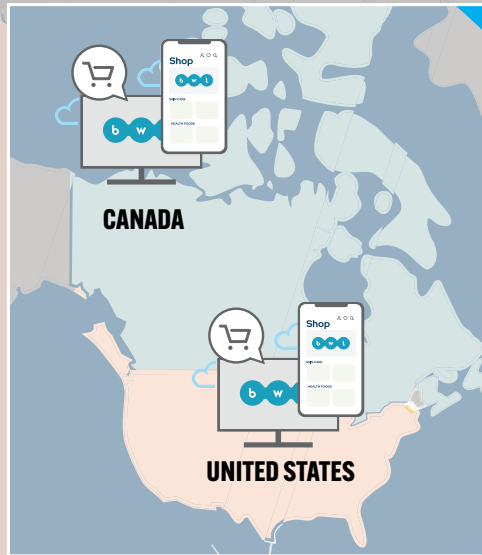
BRUNEI



SINGAPORE



GUAM

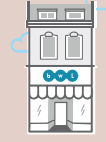


CANADA

UNITED STATES



Corporate HQ



Franchise HQ



Regional Centre/
Subsidiaries



Export



BWL Innovation
& Manufacturing



Health Supplement
Manufacturing Facility



Online Markets



Margaret Dabbs London
(Retail & Services)

OUR PRESENCE



AUSTRALIA



NEW ZEALAND



Digital Transformation Driving Online Growth

Our on-going digital transformation has empowered us with a robust online platform. Through this channel, we have been able to widen our reach across geographies and efficiently amplify our online sales.

Today, this digital sales and fulfilment platform also provides us with data-driven knowledge and insights into the online behaviour of customers. For example, data insights have verified that our online markets are pioneered by Asian expats for markets such as Japan, New Zealand, Australia, United States and Canada. With these data insights, we are also able to focus on distributors and members, realigning their purchasing behaviour where required.

As a result of the success, we have enjoyed so far with this highly scalable business model, we intend to replicate it to further entrench our brands in these markets and for other new markets in the short to medium term.

These exciting progresses that we have made over the years also means that we need to build up brand awareness in these markets. In FY2022, we raise brand awareness online by investing in social media ads as well as google ads in Singapore, Philippines, Thailand, United States and Australia. This was an effective platform as we saw a significant number of lead generation over the year.

To ensure that our online presence remains robust in FY2023, we will leverage online advertisements which have proven to be very effective in targeting consumers. In the year ahead, besides focusing on building brand awareness amongst the Asian expat population of our online markets, we will also extend our online marketing efforts to target the local population of these online markets.

CHAIRMEN'S STATEMENT

Dear Fellow Shareholders,

On behalf of the Board of Directors, we are pleased to present Best World International's ("BWI") annual report for the financial year ended 31 December 2022 ("FY2022").

Whilst many countries around the world have lifted from Covid restrictions and reopened, the business environment remains challenging. The on-going Russia-Ukraine war and volatile US-China relations continue to underpin geopolitical uncertainties and affect business sentiments across the world. Cost of energy continues to escalate, elevating inflationary pressures. To counter inflation, central banks around the world have raised interest rates, impacting the pace of economic and business recovery.

Given this backdrop, we expect this year to be another challenging year. To weather the storm, we will adopt a conservative approach, prioritising resilience and stability above all else.



亲爱的股东们，

在此，我们谨代表董事会，呈现全美世界有限公司（全美世界）截至2022年12月31日（即2022财年）的财政年度报告。

尽管世界上许多国家已放开疫情管控并重新开放，但整体营商环境仍然非常具有挑战性。持续开展的俄乌战争，以及中美关系的动荡局势，都在不断加剧地缘政治危机的不确定性，同时削弱全球商业信心。随着能源成本水涨船高，通胀

压力也逐渐加大。为了抗击通货膨胀,世界各国央行都不惜采取提高利率的对策,对经济和商业复苏的步伐直接造成影响。

在这样的时代背景下,估计今年又将是一个充满挑战的年头。面对难关,我们将采取以保守的姿态,聚力增进企业的弹性及稳定性。

聚焦数码转型, 线上市场无限

得利于公司不断精进的数码化转型, 我们成功建立了强大的线上平台。通过这个销售渠道, 我们不但扩大了跨地区的业务范围, 也有效地提高了线上业绩。

如今, 这数码销售及供应平台, 也让我们得以通过数据分析, 对客户的线上消费行为实现更深层的理解。譬如, 根据数据显示, 那些开发我们线上市场的先驱, 都是我们日本、新西兰、澳洲、美国和加拿大等新市场的亚洲侨民。经由数据分析得出的见解, 也让我们能够专注于经销商和会员, 了解他们的购买行为, 并在必要时采取调整措施使其与公司的战略目标相一致。

鉴于我们目前采用的商业模式可扩展性高, 让集团取得了不俗的成功, 所以我们打算在短期至中期内, 将之复制运用在其它新市场上, 以进一步巩固我们品牌的市场地位。

由于多年来取得的进展令人振奋, 使我们更确定在市场上继续致力于品牌知名度建设的重要性。对此, 我们于2022财年, 为新加坡、菲律宾、泰国、美国和澳洲市场, 投资了社交媒体和谷歌的广告服务, 以线上方式提升我们的品牌知名度。这个广告平台在过去的一年里产生了大量的潜在客户, 证明了这种方式确实有效于拓展客源。

有鉴于此, 为了确保2023财年线上业务的强劲增长, 我们将继续利用线上广告来寻找消费者, 以达到更好的市场营销效果。在未来的一年里, 除了在我们线上市场的亚洲侨民人群中, 专注建立全美世界的品牌知名度之外, 我们还将加强线上营销活动, 吸引更多线上市场的当地消费群。



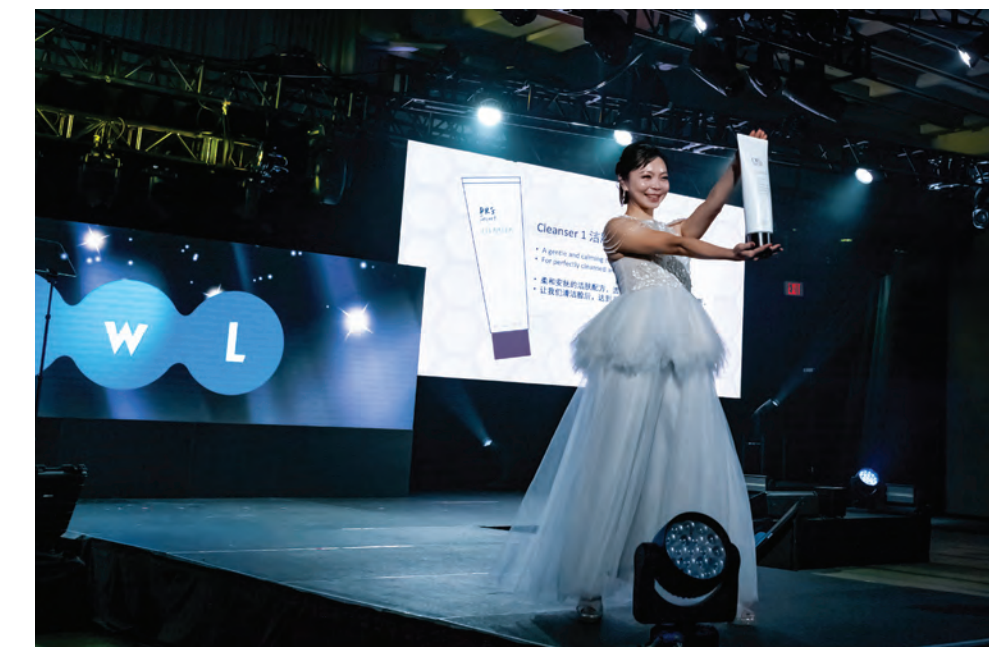
Physical Events and Activities Elevating Brand Awareness

Our offline physical activities play an important role in our marketing strategy and also complement our online efforts. During the year, we held two major "Fans of DR's Secret" conferences – one in Australia and another in Canada. Both proved to be effective for both brand building and sales generation.

Australia's "Fans of DR's Secret" conference was held on 24th July 2022 in Melbourne to a turnout of approximately 400 attendees. This event strengthened and raised the awareness of both our brand and product offerings to our customers in Australia, and further signalled our commitment to promote BWL in Australia, assuring our distributors of the strength and depth of our business and fundamentals. Moreover, the event allowed us to seed the ground for future sales to drive growth in the market. Most of our Australian distributors expressed greater confidence in our company and hence became more committed to the business. Guests were impressed with the scale of our event, and we secured sales of approximately \$900,000 from the event.

On 12th November 2022, North America's first "Fans of DR's Secret" conference was held at the Metro Toronto Convention Centre in Canada, also to a turnout of more than 400 attendees. We are pleased to report that we have made good headway in our engagements with distributors who provided positive post-event feedback. Many of the attendees are keen to have similar events held nearer to area of operations and we will consider this when developing our marketing programmes for FY2023. The success of our North American "Fans of DR's Secret" conference could be immediately measured as we grossed over S\$1 million in sales during the event days.

To further boost our brand profile within the beauty industry, we participated





in CosmoProf Asia held in Singapore in November 2022 for the first time in over 15 years. The highly successful trade show saw more than 21,600 visitors from 103 countries in attendance.

We look forward in FY2023 and beyond to organize more marketing events and trade shows in the markets we sell to, as they play an integral role in our strategy to increase awareness amongst consumers as well as industry practitioners. We firmly believe these efforts will allow us to build our profile and solidify our position as serious contenders in the beauty and wellness industry.

活动锤炼品牌, 线下更展魅力

线下活动是我们营销策略中重要的一环, 与我们的线上活动相辅相成。该年内, 我们举办了两场“皙之密密粉节”大型活动, 分别在澳洲和加拿大, 而那两场活动都能够有效建立品牌和创造业绩。

2022年7月24日, 我们在墨尔本举办了澳洲“密粉节”, 当天出席人数约400人。该活动加强和提高了集团品牌及产品在澳洲客户群中的知名度, 同时也进一步表明了我们的扩大澳洲全美业务的决心, 我们凭着业务及基础的实力与专业度, 为全美事业的前景提供信心保证。此外, 该活动也为未来的销售奠定基础, 以推动澳洲市场的增长。大多数澳洲经销商都表示对我们的公司信心大增, 对业务也更加投入。我们的活动规模令人印象深刻, 而我们也该活动中斩获了约90万新元的业绩。

2022年11月12日, 我们在加拿大大多伦多会议中心(Metro Toronto Convention Centre) 举办了北美首届“密粉节”, 当天吸引逾400人参加。我们在活动中与经销商达到良好的互动, 并于活动后收获了他们的正面反馈。许多出席者纷纷表达了在各自业务区域附近举办类似活动的期望, 而有关此类诉求, 我们将纳入2023财年营销计划制定的考量中。我们北美“密粉节”的成功显而易见, 因为该活动期间给我们带来了超过100万新元的销售额。





为了进一步提高全美世界在美容业界的品牌知名度, 我们于2022年11月参加了亚太区美容展2022 - 新加坡特别展 (CosmoProf Asia), 这是我们逾15年来首次参与该展。这个贸易展相当成功, 吸引了来自103个国家和地区约21,600名来宾出席参观。

我们期待在2023财年及以后, 在各个市场中举办更多的营销活动和贸易展览, 毕竟这是在消费者和业内专业人士中提高品牌知名度, 不可或缺的重要营销策略之一。我们坚信, 这些努力将有利于建立我们的品牌形象, 且更加巩固我们在美容和保健行业中的竞争地位。



Market Performance in FY2022

We closed FY2022 with Group revenues of S\$557.3 million, a marginal decline of 3.9% from S\$580.0 million in FY2021. Our revenues are primarily derived through the two business segments of Direct Selling and Franchise. Direct selling comprises sales generated from member customers through both online and offline channels for our markets in Asia ex-China, Australasia, North America and the Middle East. Franchise, which is practiced currently only in the mainland market of China, comprises sales to our 38 franchisees who are authorised BWL Lifestyle Centres in China.

Geographically, our largest market is China which contributed 52.4% of FY2022 Group revenue. With the support and commitment of 155 employees across 2 offices in China, revenue grew 1.8% to S\$292.1 million in FY2022, from S\$287.0 million in FY2021. Whilst marginal, the 1.8% growth is commendable as most of the country was under strict COVID-19 lock-downs for most part of the year.

Taiwan remained our second largest market, contributing S\$143.2 million or 25.7% of FY2022 Group revenue. On a year-on-year basis, revenue from Taiwan declined 12.1% from S\$162.9 million in FY2021, primarily due to the postponement and cancellation of planned events and activities as a result of strict COVID-19 control measures.

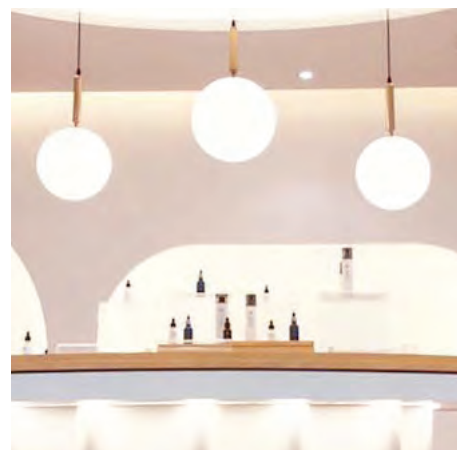
Singapore was our third largest market in FY2022, contributing to 7.3% of Group revenue. Revenue from Singapore declined to S\$40.8 million in FY2022. The decline was primarily due to muted demand from new members and insufficient sales momentum at the distributor level. We will continue to enhance our proprietary digital platform for this market and work closely with our distributors to drive sales generation and strengthen customer engagements.

Our fourth largest market was Malaysia, which contributed to 5.0% of Group revenue. Year-on-year, revenue declined 26.4% to S\$28.1 million from S\$38.2 million in FY2021. The decline was largely due to a drop in new member numbers. As COVID-19 restrictions eased, part-time distributors' attention was diverted as a result of the need to return to their full-time jobs, while a large number of full-time distributors broke their routine to go on revenge travel, which resulted in lower sales activity over the period.

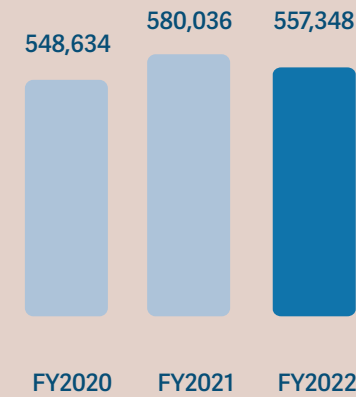
2022 年度市场业绩表现

截至2022财年，集团营业额为5.573亿新元，较2021财年的5.8亿新元，小幅下降了3.9%。我们的营业额主要来自于两个业务板块：直销和特许经营。直销业务以会员通过线上及线下活动，在亚洲（中国除外）、澳大拉西亚、北美和中东的市场上，所产生的业绩为主；而特许经营业务（目前仅在中国市场执行），主要则是通过我们在中国的38间特许经营生活馆，所创造的业绩。

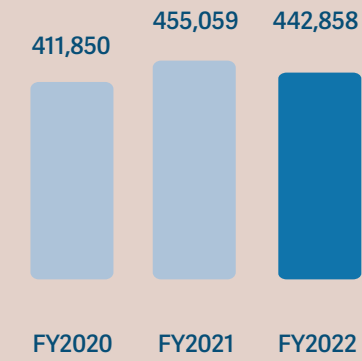
从地理角度看，我们最大的市场是中国，占集团2022财年营业额的52.4%。由于中国两个办事处155名员工的付出和奉献，营业额从2021财年的2.87亿新元，提升1.8%至



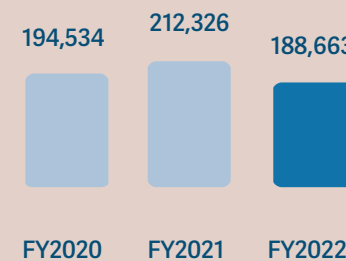
Revenue (S\$'000)



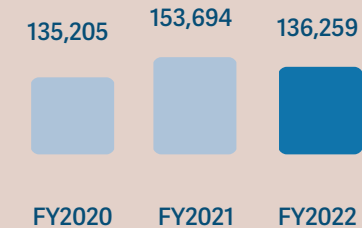
Gross Profit (S\$'000)



Profit before tax (S\$'000)



Net Profit Attributable to Owners of the Parent Company (S\$'000)



40 markets*

16 regional centres

11 lifestyle centres

38 franchisees

As of 31 March 2023

* Customers from 40 markets in Asia, Oceania, Middle East, North America and Europe including subsidiaries, joint venture and associate companies.

OUR CHARTS

2.921亿新元。虽然增长幅度微小,但鉴于中国多数地区于该年大部分时间内都实行严格的抗疫封锁,所以那1.8%的增长还是值得赞许的。

台湾市场仍然是我们的第二大市场,为集团贡献了1.432亿新元,占集团2022财年营业额的25.7%。与去年同期相比,来自台湾的营业额从2021财年的1.629亿新元,下降12.1%,这主要是因为该市场受到严格的防疫管控措施的影响,导致许多计划中的活动被迫推迟和取消。

新加坡是我们2022财年的第三大市场,占集团营业额的7.3%。2022财年,来自新加坡的营业额下降至4,080万新元。这下降主要是由于新会员需求疲软,以及经销商的销售动力不足所致。有鉴于此,我们将继续着力加强这个市场的专有数码平台,并与经销商密切合作,一齐推动销售业绩和增进客户互动。

我们的第四大市场是马来西亚,占集团营业额5.0%。年度营业额同比下降了26.4%,从2021财年的3,820万新元,减至2,810万新元,这主要原因是新会员人数的减少。随着抗疫限制的放宽,兼职经销商重归各自的全职工作,专注力分散,而许多全职经销商也打破常规进行报复性旅行,所以造成在此期间销售活动的缩减。



Delivering Success Through Quality Products

Margaret Dabbs London

Margaret Dabbs London (MDL), is the premium beauty brand of our associate company Pedal Pulses (PP), based in the United Kingdom (UK), which offers medical and beauty services and products for hands, feet and legs in the European and Middle Eastern markets. In FY2023, the brand faced challenges with recruitment of staff for its clinics, primarily due to UK barriers to entry and delays and costs with visa applications after Brexit. Furthermore, escalating fuel prices continued to weigh on margins during the period and with the poor economic outlook in Europe, a recession remains a key worry for everyone.

Undaunted by these challenges, the management at PP took measured steps to ensure that we remain well positioned for a recovery in the upcycle. PP's research and development team continued to innovate and deliver quality products, positioning MDL as a leading brand in the industry. MDL launched its off-the-shelf insoles for clinics in September 2022 and also expect the Therma Soulis™ Foot Spa to commence production this year.

In an agreement with its Dubai agent, PP have assumed control of management of the Dubai Clinic to spearhead business growth for the region. We opened our first franchise clinic in London in September 2022, demonstrating the attractiveness of our clinics and our franchise business model and paving the way for more clinic franchise opportunities globally.

Sales across shopping channel platforms remained healthy during the year with healthy orders from UK and Germany in FY2022. MDL products were also recently launched on QVC USA and negotiations for additional airtime to promote MDL products are underway.





Besides the above, PP shall continue to make its foray into other sales channels. In FY2023, we shall see the MDL brand available for inflight sales with several major airlines including Virgin, Emirates, Saudi Arabia Airlines and Singapore Airlines. Discussions are also underway with a large cruise company to establish the MDL brand of offerings for onboard in spa treatments and retail on its fleet of cruise liners.

Celligenics

Our second product vertical is Celligenics, a regenerative stem cell biotech company that develops breakthrough stem cell solutions to address some of today's pressing lifestyle and clinical needs. This aligns with Best World's interest, in the area of the development of cleansers, toners, serums and masks.

Following promising developments in FY2021, Celligenics continued to focus on the development of wound healing and cosmeceutical products. We expect continued improvement in efficacy to ensure positive consumer engagement when related products are launched in the mid to long term.

To ensure our leadership position, Celligenics has invested in new technologies that will complement with

and deliver synergies to our line of products. During FY2022, a new patent for Wound Healing regenerative extract was filed. Concurrently, Celligenics also entered into a Research Collaboration with A*STAR on MicroRNA Technology to develop solutions and products to complement its wound healing product.

A subsidiary office was setup in Chengdu, China in FY2022, to reaffirm Celligenics' commitment to the Chinese market and to facilitate ease of doing business in the region. In recognition of this commitment to innovation and its quality, Celligenics was awarded the "100 Best Innovative Technologies for International Cooperation 2022" by the ZGC Forum in China.



are fermented from whole foods by yeast and probiotics, allowing the formula to be in more stable and better absorbed by the body for maximum benefits.

Looking ahead into FY2023, Celligenics is set to launch a research collaboration with two US Hospitals to develop solutions in the areas of surgical wounds and burn injury. As we await the commencement of the construction of our GMP Facility to improve our research and development capabilities and scale-up production for cosmeceuticals, we expect the launch of the new cosmeceuticals' active ingredient in 2024, allowing us to generate meaningful revenue streams over the longer term.

New Nutrition Product for Avance

In July 2022, we launched the Avance One Plus A Day, which is a Halal multivitamin with 21 essential vitamins and minerals, helpful in supporting the body's natural resistance and complements daily diets with sufficient nutrition. The vitamins and minerals in One Plus A Day

Aside for health supplements, Halal cosmetics are becoming increasingly popular among Muslim consumers due to the growing demand for personal grooming and beauty products that conform to religious beliefs. This trend has created a lucrative opportunity for the growth of halal cosmetic products.





As the Global Halal Cosmetic Products Market is expected to experience a substantial growth rate, with a projected Compound Annual Growth Rate (CAGR) of 9.6% over the next five years¹. This underscores the significant potential for businesses to tap into the burgeoning halal cosmetic products market and cater to the needs of a diverse and growing consumer base. In this aspect, we are planning to introduce more Halal certified products to cater to our growing Muslim consumers. We will also venture into new markets, especially in the western region.

¹ Halal Cosmetic Products Market, <https://www.mordorintelligence.com/industry-reports/halal-cosmetic-products-market>

优质铸就成功, 创新打造优势

Margaret Dabbs London

Margaret Dabbs London (MDL), 是我们英国联营公司 Pedal Pulses (PP) 的一个成熟顶级保养品牌, 在欧洲及中东市场专门提供手足腿护理和保养服务及产品。2023财年, 由于英国脱欧以后, 该国的入境限制和签证申请的延误及高成本, 导致该品牌的美容诊所在人才招聘方面受阻。此外, 节节高升的燃料价格, 也不断拉低了这期间的利润率。鉴于欧洲的经济前景并不乐观, 人们仍然对经济衰退尤感担忧。

面对诸多挑战, PP的管理层毫不畏惧, 更积极采取了慎重的措施, 以确保我们在经济上升周期中能够保持良好的发展态势。通过 PP 研发团队不断地创新及推出优质产品, 我们得以让 MDL 一直处于行业领先。MDL 诊所于2022年9月推出了全新的 MDL 即用鞋垫 (MDL off-the-shelf insoles), 并计划以 Therna Soulis™ Foot Spa 商标于今年开始投入生产。

根据与迪拜方的协议, PP重获迪拜诊所的管理权, 并着手发展该地区的业务。基于我们诊所及特许经营商业模式的概念下, 我们于2022年9月在伦敦开设了第一家特许经营诊所, 同时也为将来在全球范围内发掘更多特许经营商机做好准备。

年内, 各购物渠道及平台的销售状况保持坚挺, 其中于2022财年来自英国和德国的订单量颇丰。MDL 最近也在美国电视购物网站 - QVC 上推出产品, 并且正在着手协商寻求更多在购物电视频道上推广 MDL 产品的机会, 以提高品牌知名度和销售额。

除上述之外, PP还将继续开拓其它新的销售途径。于2023财年内, 我们将看到 MDL 品牌与多家主流航空公司合作, 在机上销售 MDL 产品, 其中包括: 维珍航空、阿联酋航空、沙特阿拉伯航空和新加坡航空。我们也正在与一家大型邮轮公司进行讨论, 计划将 MDL 品牌引入游轮市场, 提供游轮上的水疗护理和零售服务。



汐溱 (Celligenics)

汐溱 (Celligenics) 是我们的第二个垂类产品, 这是一家再生干细胞生物技术公司, 致力于开发突破性的干细胞解决方案, 以应对当今一些紧迫的生活方式和临床需求。这些涉及洁面霜、调肤霜、精华露和面膜产品的研发领域技术, 符合全美世界的发展方向。

继2021财年取得良好成绩后, 汐溱将继续专注于伤口愈合治疗和药妆产品的开发。我们期望在未来中长期内推出相关产品以后, 凭着其不断升级的功效, 能够确保消费者更积极正面的回响。

为了确保我们的行业领先地位, 汐溱已经投资了新技术, 以丰富和完善我们的产品线, 创造协同效应。在2022财年里, 我们为伤口愈合再生提取物申请了新的专利。与此同时, 汐溱也与新加坡科技研究局 (A*STAR) 进行了小分子核糖核酸 (MicroRNA) 技术的研发合作, 以开发解决方案和产品, 完善我们的伤口护理系列。

为重申对中国市场的发展决心, 汐溱还于2022财年在中国成都设立了子公司, 以促进在该地区开展业务的便利性。中国中关村论坛更将汐溱评入2022年度《百项国际技术交易创新项目榜单》, 以表彰其对创新和质量的坚持。

展望2023财年, 汐溱将与两家美国医院开展研究合作, 针对手术伤口和灼伤护理需求开发解决方案。我们药物质量生产管理规范 (“GMP”) 认证制造设施的设立即将完成, 以提高我们的研发能力, 并扩大药妆品的生产规模。借此, 我们期望于2024年推出一种新的药妆活性成分, 以创造更多可观的、长远的收入来源。



维格尔全新保健品

2022年7月,我们推出了维格尔新产品 - 多元维生素与矿物质 (One Plus A Day)。这是一款清真认证的多重营养产品,富含21种必需维生素和矿物质,有助于支持身体的自然抵抗力,并为日常饮食补充营养。产品中的维他命与矿物质经过与天然食物、酵母及益生菌一起发酵处理,借以提高配方的稳定性,让身体更好地吸收以获得最大益处。

除了保健品之外,符合宗教信仰的个人美容产品的需求也与日俱增,使清真化妆品在穆斯林消费者中越来越受欢迎。这一趋势,为清真化妆品的增长创造了有利的商机。

¹清真化妆品市场,
<https://www.mordorintelligence.com/industry-reports/halal-cosmetic-products-market>

鉴于全球清真化妆品市场可能即将经历大幅增长,预计未来五年的复合年均增长率 (CAGR) 为9.6%¹。蓬勃发展的清真化妆品市场,以及多样和不断增长的消费者群,都凸显了相关业务的巨大潜力。因此,针对日益增多的穆斯林消费者,我们计划推出更多的清真认证产品。除了现有市场,公司还打算开拓新市场,尤其是欧美国家或地区。

Enhancing Our Showrooms and Facilities For Future Growth

New Office and Centres

We have in place a forward looking management team that endeavours to position the company a step ahead of evolving market trends. To this end, we took advantage of the COVID-19 period to refurbish our Regional Centres in several markets.

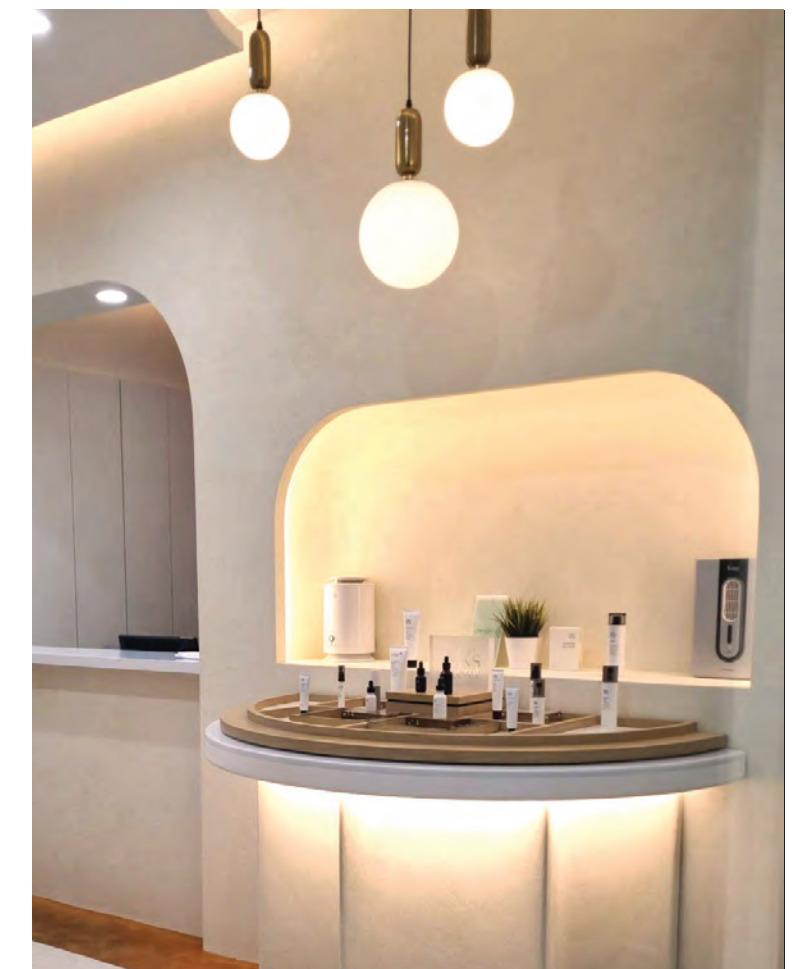
Our centre in Bangkok, Thailand has been renovated and repositioned as a DR's Secret concept store. Our office in



Changsha, China, relocated to a new building in January 2023 following the partial completion of renovation works which began in late FY2022.

In anticipation of our need to grow our talent and manpower over the next few years to deliver our growth aspirations, we moved our Singapore headquarters to a larger space at Mapletree Business City, along Pasir Panjang Road. We are now able to house our entire corporate team at one central and conducive location to realise higher productivity and efficiencies. We continue to maintain our supply chain, quality assurance and warehousing departments in Tai Seng for logistical reasons. We are proud to say that we have a diverse range of nationalities represented among our employees. This allows us to tap into a wide range of cultural perspectives, which enriches our overall approach to work and problem solving. Furthermore, we believe in the importance of gender equality, and this value is reflected in the composition of our management team. We have strived to ensure that both men and women are equally represented at this level, recognizing that diversity in leadership contributes to better decision-making and a more inclusive work environment.

In FY2023, we are planning to revamp several key regional sales centres and have earmarked approximately S\$74 million towards the design and renovation works. This will ensure that our offices and showrooms embody BWI's





branding, values and culture, allowing us to market and engage customers, suppliers and business partners effectively in a conducive environment.

We are also excited to announce the coming launch our Malaysia new regional centre in 3Q2023 located in the latest landmark of Kuala Lumpur, the Exchange 106 of the Tun Razak Exchange. Meanwhile in Changsha city China, we are scheduled to complete renovations for 22,000 square feet of office space in the new landmark of the city, Changsha IFS Tower. On a much modest scale, we are also refurbishing a 1,500 square feet representative office in Manila, Philippines.



升级展厅设施, 做好发展基础

崭新的办公室和生活馆

我们的管理层具有前瞻性和敏锐性, 一直都在努力让公司在不断变化的市场环境中保持领先地位。为此, 我们趁着疫情时期, 对各个市场的区域中心进行了翻新。

我们位于泰国曼谷的生活馆经过全面修缮后, 已被重新定位为暂之密概念店。我们位于中国长沙的办事处, 完成了部分自2022财年末启动的翻新工程, 当地员工于2023年1月正式迁入新的办公大楼。

考虑到未来几年需要招募更多的人才和增加劳动力, 以实现公司的增长目标, 我们把新加坡总部迁移到了位于巴西班让 (Pasir Panjang) 路上的丰树商业城 (Mapletree Business City), 占用了更大的空间。如今, 我们能够将所有企业团队成员都安置在同一地点, 以实现更高的生产力和效率。出于物流和运营方面考量, 我们的供应链、品质管控和仓储部门, 则继续留守在总部旧址大成 (Tai Seng)。我们因为有着许多不同国籍的员工而感到自豪, 这使我们能够以更广阔的文化

Update on Our Tuas Facility

In July 2022, we have successfully conducted Site Acceptance Tests for most of the machinery at the Tuas Facility and started operation. The last machine (bottling line) is expected to be tested by 2Q2023. We expect our Tuas facility to start end-to-end production with three to four core products and the state-of-the-art facility will manufacture more new products going forward.

We would like to acknowledge the team for their collective efforts which have allowed us to secure the highly sought after ISO 22716 Cosmetics Good Manufacturing Practice certification for the Tuas Facility on 11 January 2023.





视角,丰富整体工作和处理问题的看待方式。此外,我们也非常重视性别平等,这一价值观反映在我们管理团队的成员组成中。意识到领导层的多样性,有利于作出更完美的决策及建立更包容的工作环境,所以我们尽量确保两性在领导层面上的平等。

于2023财年,我们计划重新改造几个重要的区域销售中心,并拨出约740万新元用于设计和装修工程。这将确保我们的办公室和展厅更好地体现全美世界的品牌、价值观和文化,使我们能够在良好的环境中有效地推广业务和吸引客户、供应商和业务伙伴。

我们的马来西亚全新区域中心,即将于2023年第三季度正式开幕。该中心位于吉隆坡的最新地标,即敦拉萨国际贸易中心(Tun Razak Exchange)的106交易塔。与此同时,在中国长沙市,我们计划在城市的新地标 - 长沙国际金融中心大楼,完成2.2万平方英尺的办公空间装修工程。此外,在菲律宾马尼拉,我们一个占地1,500平方英尺的小型办事处也将进行整修。

关于大士工厂 (Tuas Facility) 的最新进展

2022年7月,大士工厂的大部分机器都通过了现场验收测试,并开始投入运作。预计于2023年第二季度,我们将对最后一台机器(灌装线)进行测试。据推测,我们的大士工厂将开始进行三至四种核心产品的全流程生产,相信在不久的将来,这个先进的工厂甚至能够被投入使用于更多新产品的生产。

在此,我们要感谢团队的集体努力,使我们能够于2023年1月11日,为大士工厂获得极具公信力的 ISO 22716 化妆品良好生产规范认证。

Creating Value Through Share Buyback

BWI's shares resumed trading on 14th November 2022. Based on the market price of S\$1.36 at the time of trading suspension being lifted, our share price has increased by 74% to S\$2.37 per share on market close, 6 April 2023. This also translates to an increase in market capitalisation to S\$1.03 billion. We are appreciative of the strong support from investors who continue to recognise value and potential of BWI.

At the time of writing, the Group remains in a net cash position. Our ability to not only weather but grow our business during the period of short-sellers' attack and subsequent suspension, is attributed to our strong balance sheet and our leverage free position. In the light of the challenging outlook and a looming recession, the Board and management recognise the importance of maintaining prudence when it comes to capital management. We will retain our strong net cash position, enabling us to grow our business without marginalising our balance sheet and minimising business risks.

As we adopt a conservative approach to cash conservation, we will continue to maintain our share buyback programme to grow shareholders' value. In 4Q2022, we acquired 4,600,900 shares from the market for approximately S\$7.7 million, representing 10.4%



of the 44,072,109 shares permitted under the Share Buyback Programme approved by our shareholders.

We were also able to leverage on this net cash position to complete two previous rounds of off-market equal access share buyback offers in FY2022 and further on-market share buyback after resumption of trading, allowing shareholders to liquidate and realise value of their respective positions. These offers were met with overwhelming response, demonstrating the effectiveness of this value creation approach.

With the above considerations, we take a longer view approach in sustaining shareholders' value and conserve our cash balance for various possible contingencies.

股票回购创值, 携手股东共赢

全美世界的股票于2022年11月14日恢复交易。根据停牌时1.36新元的市场价格, 我们的股价截至2023年4月6日闭市已上涨了74%至每股2.37新元, 而我们的市值则达到10.3亿新元。对于投资者仍然认识到全美世界的价值和潜力, 并持续给予支持, 我们甚是感激。

截至撰写本文之时, 本集团仍处于净现金状况。在卖空者攻击以及随后停牌期间, 我们不仅能够经受住考验, 还能够发展业务, 这全都有赖于我们零负债的强大优势。虑及前景的不确定性, 及经济衰退的紧迫性, 董事会和管理层

都认为维持审慎的资本管理策略当为首要。在这样的情况下, 我们将保持强大的净现金状况, 以便在不牺牲公司财务稳健, 甚至最小化业务风险的情况下, 继续发展业务。

基于我们采取保守式经营节约现金支出, 我们将持续维持我们的股票回购计划, 以增加股东价值。于2022年第四季度, 我们以约770万新元的价格, 从市场收购了4,600,900股股份, 占股东批准的股份回购计划44,072,109股股份的10.4%。

我们利用这一净现金状况, 于2022财年内完成了两轮场外平等接触的股票回购, 并于恢复交易后完成更多场内交易的股票回购, 让股东能够清算并实现各自持有的价值。由于这些回购方案得到了热烈的反响, 印证了这些方法确实有效于创造价值。

基于上述考虑, 我们将采取更长远的方案来维持股东价值, 并保留现金余额以备不时之需。





Corporate Social Responsibility

During the year, BWL Taiwan and our Taiwan distributors donated a total of NT\$1 million to the Hongdao Elderly Welfare Foundation and also organised meals for the elderly in Chiayi, Taichung and Kaohsiung. In addition, NT\$350,000 was donated to the Pingguo Small Palm Theatre in Taipei, to support these young masters from Yangmingshan and help them continue to promote Taiwan's important traditional performing arts.

Our BWL Hong Kong employees supported the Tung Wah Group of Hospitals in Hong Kong during their flag day and donated a total of HK\$10,000 to the fund-raising event.

BWL in Singapore also donated about S\$10,000 to The President's Challenge, an initiative that commenced in the year 2000 for community outreach and fundraising, which aims to support beneficiaries selected each year by the President's Office.

In 2022, BWL China's Project Hope donated RMB420,000 towards the cause of enhancing the quality of art education in Sichuan and Hunan. This included the review of teaching contents and teachers' qualifications of art classes, as well as promoting regular art practice activities to expand and enrich the knowledge gained in the classroom, thereby fostering greater enthusiasm for learning and providing children with opportunities to confidently showcase their talents. In addition, there was concerted effort to standardize and streamline financial expenditure projects across various schools, and to strengthen the execution of the project.

Furthermore, we also allocated RMB500,000 for the construction of our fifth Best World Hope Primary School in Henan, which was completed in March 2023. In addition to the above RMB500,000, RMB1.3 million was donated for the building of a new sports field, library and classes in three of the Best World Hope Primary School, as donation to the survivors of the Sichuan Earthquake, provide scholarships for exemplary students, Children's Day gifts and winter clothings for students in all the Best World Hope Primary Schools.

We expect to step up our CSR efforts in 2023 as situation has returned to normalcy and will reinstate our World Learner Program after several years of postponement.

企业社会责任 (CSR)

在过去的一年里,台湾全美世界及经销商们共同向弘道基金会捐赠了总计100万元新台币。除了为嘉义、台中、高雄的老人们献上丰盛的围炉佳肴外,我们还向台北市平等国小巧宛然掌中剧团 (Pingguo Small Palm Theater) 捐赠了35万新台币,助力这些阳明山的孩子们弘扬台湾重要的传统表演艺术。



另一边厢,我们全美世界香港的员工则于卖旗日,在筹款活动中捐款了1万港币,作为对香港东华三院的支持。

全美世界新加坡也向“总统挑战”慈善活动,捐赠了约1万新元。这项倡议首度推出于2000年,是一项年度社区外展和筹款活动,旨在支持总统府每年选定的受益者。

2022年,全美世界中国的“希望工程”为提升四川及湖南两省的艺术教育质量,而捐献了42万人民币。这包括对艺术课程的教学内容和教师资格进行审视,以及推广定期的艺术实践活动,让学生在课堂上获得的知识学以致用,从而培养更大的学习热情,为孩子们建立展示才华的自信 and 提供机会。同时,我们也协力规范和简化各校的财务支出项目,以及加强各项计划的执行程度。此外,我们还拨款50万元人民币,用于河南第五所“全美世界希望小学”的建设,而该小学已于2023年3月竣工。除了50万人民币拨款以外,我们还捐出了130万元人民币,用途包括:为三所“全美世界希望小学”建设新的运动场、图书馆和教室;作为对四川地震幸存者的捐赠;为模范学生提供奖学金;以及为所有“全美世界希望小学”的学生送上儿童节礼物和冬衣。

有鉴于局势逐渐步入正常,我们预计将于2023年加大我们在企业社会责任方面的力度,并将恢复执行因受疫情影响而暂停了数年的“世界童窗”计划。



The Way Ahead

With international travel made easier as most countries continued to adopt coexisting with COVID-19 in FY2022, we made several business trips to key markets to reinforce business relationships with distributors. This gave us the opportunity to align objectives and conduct in-person leadership training sessions which were not possible during the pandemic. We are also pleased to report that the morale of the staff and management leading our foreign subsidiaries remain high.

However, our future is not without challenges. With the numerous geopolitical and economic uncertainties in play, for example the overhang of weak consumer sentiment, prolonged Ukraine war and the risk of a pending recession etc, we need to have in place a strategy which ensure our agility and financial flexibility, to face these near-term challenges.

未来之路

随着大多数国家于2022财年陆续采取与新冠病毒共存的方案,国际旅行变得更为容易,所以我们多次出差前往主要市场,加强与经销商的业务关系。在这种没有疫情期间诸多限制的情况下,我们得以调整方向,恢复开展线下面对面领导力培训课程。可喜的是,我们海外子公司员工和管理层依然士气高昂,让我们倍受鼓舞。

然而,我们的未来并非坦途。许多地缘政治隐患和经济不确定性仍在暗潮涌动:消费者信心疲软、乌克兰战争持续发酵,以及经济衰退的风险等。对此,我们必须制定好战略计划,以确保我们在应对这些挑战时,都能够保持敏锐性和财务灵活性。



Dora Hoan
Founder,
Co-Chairman
Group CEO/
Managing Director

A Word of Appreciation

On behalf of the Board of Directors, we would like to extend our heartfelt appreciation to our employees for their hard work and unwavering commitment over the past year. To our shareholders, customers, partners, distributors, and franchisees, thank you for your continued trust and loyalty.

As we step into a challenging FY2023, we look forward to working with you to growing BWI and creating sustained value for our stakeholders.

无限感恩

我们谨代表全体董事会,对所有全美人过去一年的辛劳和贡献,表示诚挚谢忱。对于我们的股东、客户、合作伙伴、经销商和特许经营商,我们衷心感谢你们持续的信任和支持。

在即将步入充满挑战的2023财年之际,我们期待与各位继续携手合作,共同为全美世界的繁荣发展贡献力量,为我们尊贵的利益相关者持续创造价值,一起打造更加璀璨的明天。

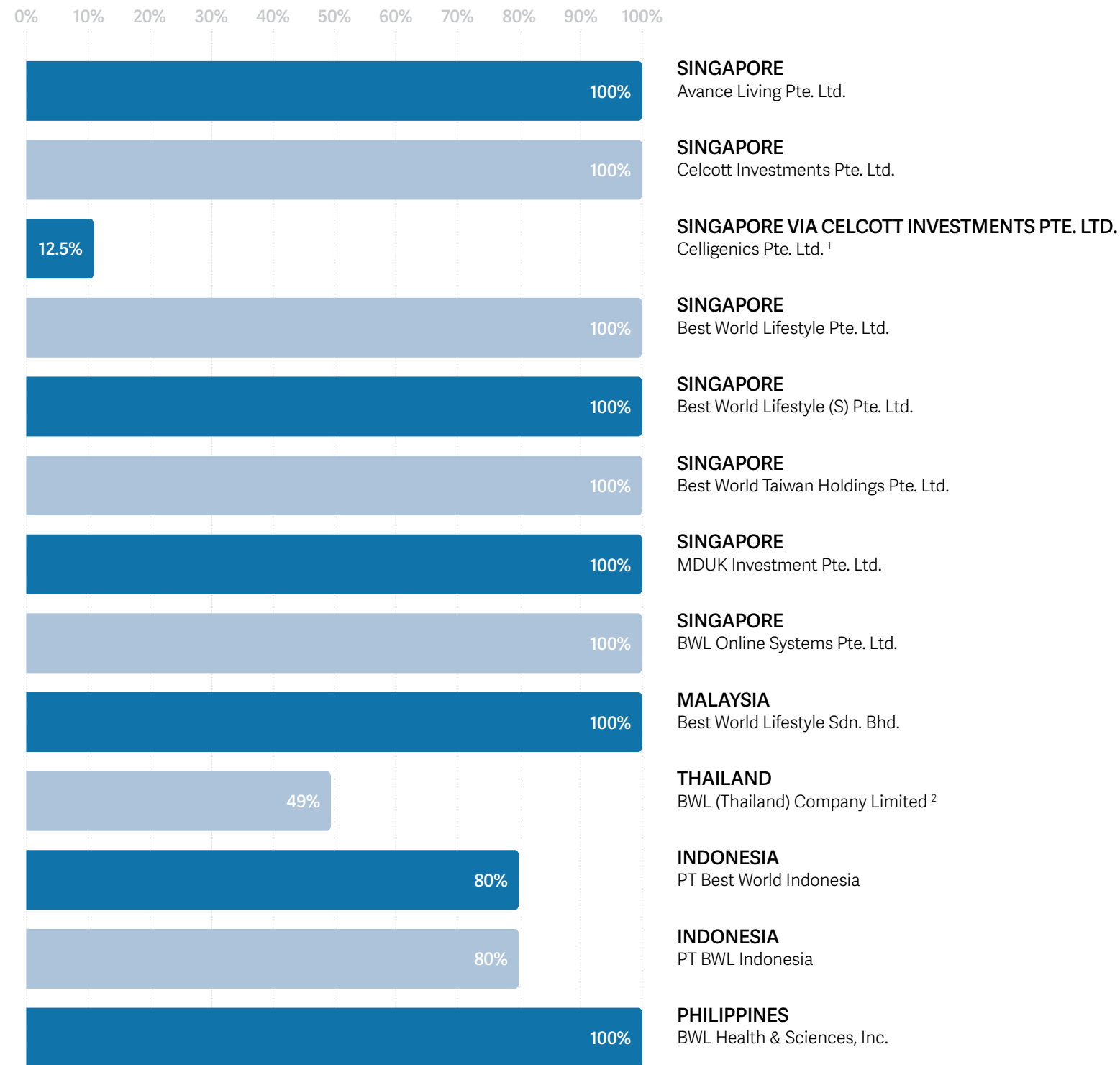


Doreen Tan
Founder,
Co-Chairman/
President

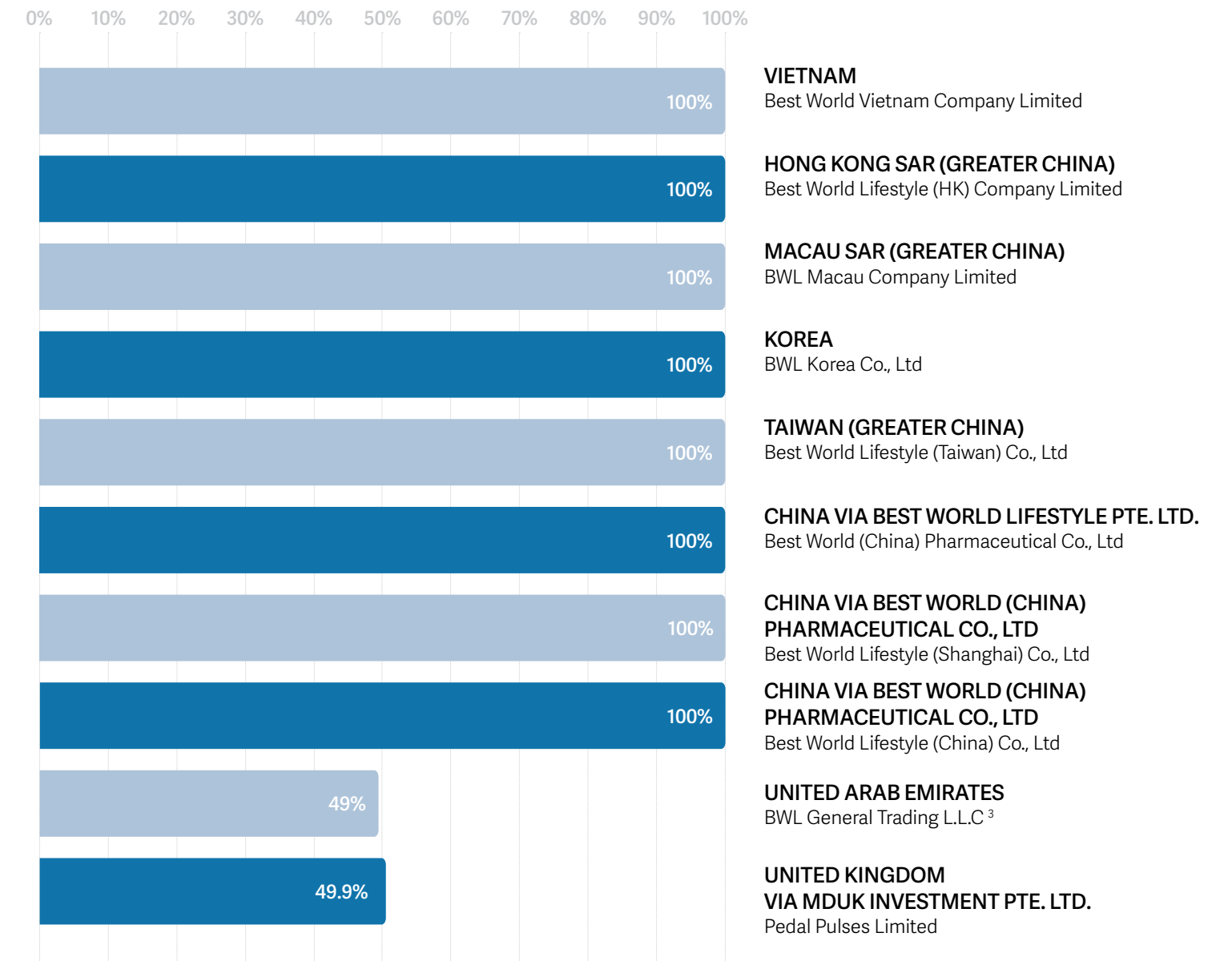
GROUP STRUCTURE

Subsidiaries, joint venture and associate held by Best World International Ltd

EFFECTIVE SHAREHOLDING



EFFECTIVE SHAREHOLDING



1. The Group considers Celligenics Pte. Ltd. as an investment in associate because the Group has significant influence over the entity through representation on the board of directors. (refer to Note 18 of the Financial Statements).
2. The Group has accounted for BWL Thailand Company Limited as a subsidiary as the Group controls the relevant activities (including financial and operating policies) of the entity through a shareholders' agreement.
3. The Group considers BWL General Trading L.L.C as a subsidiary of the Group, as the Group has management control over the entity through a shareholders' agreement.



BOARD OF DIRECTORS

Dora Hoan Beng Mui PBM

CO-CHAIRMAN
GROUP CEO / MANAGING DIRECTOR

Date of first appointment as a director

11 December 1990

Date of last re-election as a director

26 February 2021

Date of next re-election as a director

27 April 2023

Length of service as a director (as at 31 December 2022)

32 years

Board committee(s) served on

Nominating Committee

Academic & Professional Qualification(s)

- Bachelor's Degree in History, Nanyang University, Singapore
- MBA, National University of Singapore

Present Directorships in listed companies (as at 31 December 2022)

- Best World International Limited

Other principal commitments

- Secretary, World Federation of Direct Selling Associations
- Chairman, Direct Selling Association of Singapore
- Chairman, World Learner Exchange Program Committee
- Co-Chairman, SPBA Lianhe Zaobao China Prestige Brand Award
- Past President & Council Member, ASME
- Chairman, ASME Mandarin Chapter
- Vice Chairman, Radin Mas CCC

Past Directorships held over the preceding three years in other listed companies (from 1 January 2020 to 31 December 2022)

Nil

Doreen Tan Nee Moi PBM

CO-CHAIRMAN
PRESIDENT

Date of first appointment as a director

11 December 1990

Date of last re-election as a director

25 July 2022

Length of service as a director (as at 31 December 2022)

32 years

Board committee(s) served on

Nil

Academic & Professional Qualification(s)

- Applied Nutrition, American Academy of Nutrition

Present Directorships in listed companies (as at 31 December 2022)

- Best World International Limited

Other principal commitments

- President, Health Supplements Industry Association (Singapore)
- Vice Chairman, ASEAN Alliance of Health Supplement Associations
- Patron, Pasir Ris West CCC
- Chairman of School Advisory Committee, Meridian Secondary School
- Member of Advisory Panel for Centre of Innovation for Complementary Health Products

Past Directorships held over the preceding three years in other listed companies (from 1 January 2020 to 31 December 2022)

Nil



BOARD OF DIRECTORS



Huang Ban Chin

EXECUTIVE DIRECTOR
& CHIEF OPERATING OFFICER

Date of first appointment as a director

13 September 1994

Date of last re-election as a director

30 September 2021

**Length of service as a director
(as at 31 December 2022)**

28 years 3 months

Board committee(s) served on

Nil

Academic & Professional Qualification(s)

- Bachelor of Science,
National University of Singapore

**Present Directorships in listed companies
(as at 31 December 2022)**

- Best World International Limited

Other principal commitments

- Director, Celligenics Pte. Ltd.
- Director, Pedal Pulses Limited

**Past Directorships held over the preceding
three years in other listed companies
(from 1 January 2020 to 31 December 2022)**

Nil



Lee Sen Choon

CHAIRMAN OF AUDIT COMMITTEE
& LEAD INDEPENDENT DIRECTOR

Date of first appointment as a director

24 May 2004

Date of last re-election as a director

30 September 2021

**Length of service as a director
(as at 31 December 2022)**

18 years 7 months

Board committee(s) served on

- Audit Committee
- Remuneration Committee
- Nominating Committee

Academic & Professional Qualification(s)

- Bachelor of Science (Hons) degree,
Nanyang University, Singapore
- Post-Graduate Diploma in Management Studies,
University of Salford, United Kingdom
- Fellow Member of Institute of Chartered
Accountants in England and Wales
- Practicing Member of Institute of Singapore
Chartered Accountants

**Present Directorships in listed companies
(as at 31 December 2022)**

- Best World International Limited
- Hor Kew Corporation Limited

Other principal commitments

- Managing Partner of UHY Lee Seng Chan & Co,
Chartered Accountants
- Chairman of Audit Committee,
Hwa Chong International School
- Chairman of School Advisory Committee,
Xingnan Primary School

**Past Directorships held over the preceding
three years in other listed companies
(from 1 January 2020 to 31 December 2022)**

- Soon Lian Holdings Limited

BOARD OF DIRECTORS



Adrian Chan Pengee PBM

CHAIRMAN
OF REMUNERATION COMMITTEE

Date of first appointment as a director

3 January 2018

Date of last re-election as a director

26 February 2021

Date of next re-election as a director

27 April 2023

Length of service as a director (as at 31 December 2022)

5 years

Board committee(s) served on

- Remuneration Committee
- Nominating Committee
- Audit Committee

Academic & Professional Qualification(s)

- LLB (Hons), National University of Singapore

Present Directorships in listed companies (as at 31 December 2022)

- Best World International Limited
- Food Empire Holdings Limited
- Hong Fok Corporation Limited
- First REIT Management Limited
- Keppel Infrastructure Fund Management Pte. Ltd.

Other principal commitments

- Head of Corporate and Senior Partner, Lee & Lee
- Director, Shared Services for Charities Limited
- Director, Azalea Asset Management Pte Ltd
- Vice-Chairman, Singapore Institute of Directors
- Honorary Secretary, Association of Small and Medium Enterprises
- Member, Legal Service Commission
- Council Member, Law Society of Singapore
- Member, Singapore Management University's Enterprise Board
- Member, SGX Catalist Advisory Panel

Past Directorships held over the preceding three years in other listed companies (from 1 January 2020 to 31 December 2022)

- Global Investments Limited
- Yoma Strategic Holdings Ltd.
- AEM Holdings Ltd
- CapitaLand Ascendas REIT Management Limited (f.k.a. Ascendas Funds Management (S) Limited)



Chester Fong Po Wai

CHAIRMAN
OF NOMINATING COMMITTEE

Date of first appointment as a director

15 February 2019

Date of last re-election as a director

25 July 2022

Length of service as a director (as at 31 December 2022)

3 years 10 months

Board committee(s) served on

- Nominating Committee
- Audit Committee
- Remuneration Committee

Academic & Professional Qualification(s)

- Bachelor of Social Sciences, University of Hong Kong
- Master of Business Administration, University of Derby, United Kingdom
- Member of Hong Kong Institute of Certified Public Accountants
- Member of CPA Ontario

Present Directorships in listed companies (as at 31 December 2022)

- Best World International Limited

Past Directorships held over the preceding three years in other listed companies (from 1 January 2020 to 31 December 2022)

Nil

Past principal commitments

- CFO, Greater Asia Division, Colgate-Palmolive
- Chairman and CEO, Greater China, Colgate-Palmolive
- Senior Advisor to McKinsey & Company

BOARD OF DIRECTORS



Li Lihui

ALTERNATE DIRECTOR
TO DORA HOAN BENG MUI

Date of first appointment as a director

16 January 2019

Length of service as a director (as at 31 December 2022)

3 years 11 months

Board committee(s) served on

Nil

Academic & Professional Qualification(s)

- LLB (Hons), National University of Singapore
- Master of Science in Applied Finance, Singapore Management University
- Certified Health Coach, Institute of Integrative Nutrition, United States

Present Directorships in listed companies (as at 31 December 2022)

- Best World International Limited

Other principal commitments

- Director, The Dark Gallery Pte Ltd
- Director, Thirtythree Private Limited
- Director, Pedal Pulses Limited

Past Directorships held over the preceding three years in other listed companies (from 1 January 2020 to 31 December 2022)

Nil



Pek Wei Liang

ALTERNATE DIRECTOR
TO DOREEN TAN NEE MOI

Date of first appointment as a director

16 January 2019

Length of service as a director (as at 31 December 2022)

3 years 11 months

Board committee(s) served on

Nil

Academic & Professional Qualification(s)

- Diploma in Electronics, Computer & Communications Engineering, Nanyang Polytechnic
- Certified Master Practitioner of Neuro-Linguistic Programming, Mind Transformations

Present Directorships in listed companies (as at 31 December 2022)

- Best World International Limited

Other principal commitments

- Director, So App Pte Ltd
- Director, Lure Haven LLP

Past Directorships held over the preceding three years in other listed companies (from 1 January 2020 to 31 December 2022)

Nil

KEY MANAGEMENT



Koh Hui

SENIOR GROUP FINANCIAL CONTROLLER

Ms Koh joined Best World in 2003 and has served in a number of finance and managerial positions. In 2004, Ms Koh was appointed Group Finance Manager where she headed the finance team and was instrumental in the successful listing of the company. She was subsequently assigned as Deputy General Manager, Best World (Hunan) Health Sciences Company Ltd, China from 2008 to 2009. Her consistent work performance led to her promotion to Senior Group Financial Controller in 2013, where her current responsibilities include overseeing accounting, finance, treasury, risk management and tax functions of the group. She also assists the executive director on all investor relations matters.

Prior to joining Best World, Ms Koh served as a senior auditor with Ernst and Young. She holds a Bachelor of Accountancy from Nanyang Technological University of Singapore and is a Chartered Accountant with the Institute of Singapore Chartered Accountants.



Sugiharto Husin

SENIOR GROUP MANAGER, INFORMATION SYSTEM

Sugiharto joined Best World in 2006 and is responsible for all aspects of information technology at the foundation, where he provides technological direction and partners with senior executives to design and plan complex global technology initiatives, project implementation strategies, organizational change management, communications, training programs and IT disaster recovery planning.

Sugiharto has been endeavouring in the IT field since 1993, working within the realms of software development, retail, healthcare and commerce industries. Prior to joining Best World, he was General Manager of IT Services in a local direct selling company. His experience in this industry enables him to effectively implement best practices and make IT one of Best World's competitive tools. Sugiharto holds a Bachelor's Degree with Honours in Computing & Information Systems from University of Central England. He is also a certified Architect for Enterprise Java Applications.



Jansen Tang

SENIOR COUNTRY MANAGER, BEST WORLD (CHINA)
PHARMACEUTICAL CO., LTD. (HUNAN BRANCH) & BWL
(HONG KONG) COMPANY LIMITED
SENIOR GROUP MANAGER, MEMBERSHIP MANAGEMENT

Mr Tang joined the company in 2005 as a Management Trainee and was promoted as a Manager in 2006, where his responsibilities include supervising the calculation and distribution of bonus commission for distributors. His consistent performance saw him posted to China in 2007 to oversee the customer service and logistical operations for the Group's business in China. He was later promoted as Division Manager and subsequently as Senior Group Manager, Membership Management in 2010 and 2018 respectively. He assumed further responsibility as Deputy Country Manager, Hong Kong in 2012 and was subsequently promoted to Country Manager in 2015, where his role was expanded to include the strategic planning and business development in the region. In 2018, he was promoted to Senior Country Manager, China and Hong Kong. He is responsible for the overall supervision of our operational and business processes in China and Hong Kong. Mr Tang holds a Bachelor's Degree in Psychology and Economics from National University of Singapore.

KEY MANAGEMENT



Simon Yeh Kuo Tang

SENIOR COUNTRY MANAGER, BEST WORLD TAIWAN HOLDINGS PTE. LTD. (TAIWAN BRANCH)

Appointed as the Senior Country Manager of Taiwan from February 1, 2016, Mr Yeh is a direct selling veteran with over 20 years of management experience within the Industry. His proven track record, coupled with his wealth of industry know-how, will be instrumental in propelling BWL Taiwan into the next level of development. With his management experience and deep-seated sensitivity of the Asian markets, Mr Yeh brings even greater diversity and capability to our regional management team.

Prior to joining Best World, Mr Yeh was the General Manager of 2 separate Direct Selling companies in Taiwan, over a span of 19 years. Mr Yeh holds a Bachelor's Degree in Economics from Tamkang University in Taiwan.



Ho Kok Tong

GENERAL MANAGER (MANUFACTURING/WHOLESALE), BEST WORLD (CHINA) PHARMACEUTICAL CO., LTD

Mr Ho has served in the past as General Manager of Operations and Corporate. In 2008, he was appointed as Country Manager for Taiwan and was subsequently promoted as Senior Country Manager in recognition of his consistent work performance and positive contributions. At the end of 2013, Mr Ho was appointed as Senior Group Manager, Business Development, as he returned to Singapore. His responsibilities included overseeing the strategic planning, business development and day-to-day operations of the Group.

Mr Ho was subsequently appointed as Acting Deputy General Manager, China in which he oversees the management and operations of our dietary supplement manufacturing subsidiary in Hangzhou City of China. A key function of his role is maintaining distributor relationships with the objective of further expanding the existing market share in China. With effect from 2016, he is designated as General Manager, Best World (China) Pharmaceutical Ltd for the Hangzhou operations.

Prior to joining the Group in 2007, Mr Ho has had more than 20 years of finance and managerial experience working in both MNCs and SMEs. He also has over 10 years of experience in marketing health-related products in Southeast Asia. He graduated with a Bachelor of Commerce (Hons) from Nanyang University and is a Fellow Certified Public Accountants of Singapore (FCPA Singapore).



Ang Ping

GROUP MANAGER, BRANDING

Mr Ang was appointed Group Manager, Branding since 2009 where he leads a brand management team that specialises in brand creation, extension and proliferation. He is responsible for overseeing the brand packaging, marketing collaterals and keynote presentation across the portfolio of skincare and health supplement brands. His team of designers and motion graphic specialists is also responsible for the development of video content for products and training, strengthening our digital presence and online training platform. His team is also instrumental in the creation of the company's annual report and financial keynote presentation. In addition, Mr Ang also heads the company's corporate social responsibility initiative, the World Learner Student Exchange Scholarship which rewards underprivileged students with outstanding performance in schools, an opportunity to experience growth through travel and student immersion in Singapore.

Prior to Best World, Mr Ang spent over 10 years in brand consulting. His rich experience and expertise help maintain our brand experience refreshing and engaging at every brand touch point. Mr Ang holds an MBA from the University of Chicago Graduate School of Business.

KEY MANAGEMENT



Tan Hui Keng, Phyllis

SENIOR GROUP MANAGER, SUPPLY CHAIN MANAGEMENT

Ms Tan joined Best World in 1997 as an Accounts Executive. She was promoted to Supply Chain Manager in 2005 and subsequently as a Division Manager, Supply Chain in 2008. In 2015, she was promoted to Group Manager, Logistic. In 2019, she assumed further responsibility with Warehouse Operations & Production grouped under Supply Chain function and subsequently promoted to Senior Group Manager, Supply Chain Management in March 2023. Her responsibility includes managing the Group's inventory planning and supply chain management.

Ms Tan holds a Bachelor's Degree in Commerce from Murdoch University, Australia.



Lim Sze Huey

GROUP MANAGER, PRODUCT MANAGEMENT

Ms Lim joined Best World in October 2008 as an executive in the product development team. She was promoted to Assistant Manager in 2010 and to Manager in 2012. Her consistent work performance led to her promotion to Product Development Senior Manager in 2013 and subsequently to Product Development Division Manager in 2015.

Ms Lim was appointed as our Group Manager, Product Development and Quality Control in 2018 and subsequently to Group Manager, Product Management in March 2023. Her responsibility includes overseeing the product development, product management, quality assurance, regulatory affairs, digital and content marketing functions of the group.

Ms. Lim was awarded the Nanyang Scholarship and graduated from Nanyang Technological University with a Degree of Bachelor of Engineering (Chemical and Biomolecular Engineering) with a minor in Business in June 2008. During her tenure at Best World, she has also been continuously upgrading her professional knowledge and skills through attending courses in the different areas of product regulations, quality and standards, digital and content marketing, and management skills.



Angie Tiu

GROUP MANAGER, HUMAN RESOURCES AND ADMINISTRATION

Ms Tiu joined Best World International Ltd in 2015 as the Human Resources & Administration Manager for the Singapore Operations. She was promoted to Division Manager in 2017 and Group Manager in 2021 overseeing the Groups HR & Admin function.

Prior to joining Best World Ms Tiu has worked in multiple companies including MNCs, SME and VWO.

Ms Tiu graduated from Ngee Ann Polytechnic with a Diploma in Business Studies. She also holds a Graduate Diploma in Personnel Management from the Singapore Institute of Management.

KEY MANAGEMENT



Cynthia Liu Qing

GROUP GENERAL COUNSEL

Ms Liu joined Best World in October 2019. She was promoted to Group General Counsel in 2022.

Ms Liu's current responsibilities include overseeing the Company's legal functions around the world, examining and drafting internal and external contracts, managing copyrights and trademarks and other intellectual properties of the Company. She is ensuring legal compliance regarding mergers and acquisitions (M&A) activity, employee safety and consumer protection. She is overseeing compliance with corporate governance and establish the prudence of defending lawsuits and prosecuting.

Ms Liu worked in law firms in China, Germany and Singapore, specializing in corporate law and intellectual property law before moving in-house. She has more than ten years in-house experience in listed companies both in Hong Kong and Singapore.

Ms. Liu graduated from Ludwig Maximilian University of Munich (Munich University) with a Master's Degree of Law. During her tenure at Best World, she has also been continuously upgrading her professional knowledge and skills through Harvard Business School Online. She is also a certified and qualified Chartered Company Secretary.



C O R P O R A T E I N F O R M A T I O N

DIRECTORS

Dora Hoan Beng Mui
Co-Chairman,
Chief Executive Officer,
Managing Director

Doreen Tan Nee Moi
Co-Chairman,
Executive Director, President

Huang Ban Chin
Executive Director,
Chief Operating Officer

Lee Sen Choon
Lead Independent
Non-Executive Director

Adrian Chan Pengee
Independent
Non-Executive Director

Chester Fong Po Wai
Independent
Non-Executive Director

Li Lihui
Alternate Director to
Dora Hoan Beng Mui

Pek Wei Liang (Bai Weiliang)
Alternate Director to
Doreen Tan Nee Moi

AUDIT COMMITTEE

Lee Sen Choon
Chairman

Adrian Chan Pengee

Chester Fong Po Wai

REMUNERATION COMMITTEE

Adrian Chan Pengee
Chairman

Lee Sen Choon

Chester Fong Po Wai

NOMINATING COMMITTEE

Chester Fong Po Wai
Chairman

Dora Hoan Beng Mui

Lee Sen Choon

Adrian Chan Pengee

REGISTERED OFFICE

20 Pasir Panjang Road
#08-28 Mapletree Business City
Singapore 117439
Tel: (65) 6899 0088
Email: info@bestworld.com.sg
Website: www.bestworld.com.sg

PRINCIPAL BANKERS

Citibank N.A.
United Overseas Bank Ltd
Credit Suisse AG, Singapore Branch

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
80 Robinson Road #02-00
Singapore 068898

AUDITOR

CLA Global TS Public Accounting
Corporation (Formerly Nexia TS) Singapore
Partner In-Charge: Ms. Lee Look Ling
(since financial year ended 31 December 2021)

As at 31 March 2023

FINANCIAL CALENDAR



11 August 2023

Proposed announcement of first half year results ending 30 June 2023

10 November 2023

Proposed announcement of third quarter results ending 30 September 2023

26 February 2024

Proposed announcement of full year results ending 31 December 2023

27 April 2023

Annual General Meeting 2022

9 May 2023

Proposed announcement of first quarter results ended 31 March 2023



CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of Best World International Limited (the “Company” or “Best World”) and its subsidiaries (the “**Group**”) firmly believes that good corporate governance is essential for the long-term sustainability of the Group’s business and performance. The Company is fully committed to maintain its high standard of corporate governance to ensure greater transparency, accountability and protection of shareholders’ interest.

This report, set out in a tabular form, describes the Company’s corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the “**2018 Code**”) issued on 6 August 2018.

The Board confirms that for the financial year ended 31 December 2022 (“**FY2022**”), the Company has complied with the core principles of corporate governance laid down by the Code. The Company has also largely complied with the provisions that reinforce the principles of the 2018 Code, where applicable, and has provided appropriate explanations for variations from the provisions of the Code (namely, variations from Provisions 2.2, 2.3, 3.1, 3.2, 8.1, 11.4 and 11.6 as further described below), including the reason for variation and how the practices the Company had adopted are consistent with the intent of the relevant principle of the Code, in this report.

BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

| Provisions | Corporate Governance Practices of the Company |
|------------|---|
|------------|---|

| | |
|-----|---|
| 1.1 | Directors are fiduciaries who act objectively in the best interests of the Company |
|-----|---|

The Company is headed by an effective Board, comprising competent individuals with diversified background and collectively brings with them a wide range of experience to lead the Company.

The Board oversees the activities of the Group and assumes responsibility for the Group’s overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices and holds the management of the Company (the “**Management**”) accountable for performance. The Board has also put in place a code of conduct and ethics, sets an appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Group, through the Group’s Code of Ethical Conduct, Anti-Corruption Policy, Gift & Entertainment Policy and Conflict of Interest Policy.

The Board’s principal functions are:

- a) Setting strategic and financial objectives of the Company and monitoring the performance of Management;

- b) Considering sustainability issues including environmental and social factors in the formulation of the Group's strategies;
- c) Approving annual budgets, funding requirements, expansion plans, capital investment, major acquisitions and divestment proposals;
- d) Approving nominations of board directors, committee members and key personnel;
- e) Overseeing the framework of internal controls to ensure its adequacy, make sure risks are assessed and managed, including safeguarding of shareholders' interests and the company's assets, accurate financial reporting and compliance with relevant laws, regulations and policies;
- f) Determining the Group's values and standards including ethical standards; and
- g) Approving transactions involving interested parties.

All directors exercise due diligence and independent judgment and are obliged to act in good faith and in the best interests of the Company. Where there are conflicts of interest, directors recuse themselves from discussions and decisions involving the issues of conflict.

1.2

Directors' induction, training and development

A formal letter is sent to newly appointed directors upon their appointment explaining their duties and obligations as a director. New directors, upon appointment, will be briefed during the orientation program on the overview of the business operations, the latest results announced, the company's corporate governance practices, regulatory regime, their duties as directors and the relevant committee's terms of reference. The director is also introduced to key management personnel and given the opportunity to visit the Group's operational facilities.

Board members are encouraged to attend seminars at least annually and receive training to keep abreast of current developments to properly discharge their duties as directors. The Company works closely with professionals to provide its directors with updates on changes to relevant laws, regulations and accounting standards. Our independent directors are also primarily engaged in their respective profession, keeping themselves updated in their fields of knowledge.

The Board as a whole is updated regularly on risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board Committee members.

New releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Accounting and Corporate Regulatory Authority which are relevant to the directors are circulated to the Board.

The Company Secretary and Management inform the directors of upcoming conferences and seminars relevant to their roles as directors of the Company.

Annually, the external auditors update the Audit Committee and the Board on new or revised financial reporting standards, in particular standards that could have a material impact on the Group's consolidated financial statements.

| Training Attended By Directors | |
|--------------------------------|--|
| 2022 | |
| Doreen Tan Nee Moi | LED9: Environmental, Social and Governance Essentials |
| Huang Ban Chin | Basic Information on Industrial Design & Invention Patents |
| | Tech Investments in Asia |
| | BFS2: Cyber Security for Directors |
| | LED9: Environmental, Social and Governance Essentials |
| Chester Fong Po Wai | LED3: Board Performance |
| | LED4: Stakeholder Engagement |
| | LED7: Nominating Committee Essentials |
| | LED8: Remuneration Committee Essentials |
| | LED9: Environmental, Social and Governance Essentials |
| Li Lihui | LED9: Environmental, Social and Governance Essentials |

Dora Hoan Beng Mui, our group CEO, will be enrolling for the July 2023 session of LED9 - Environmental, Social & Governance Essentials course due to extensive prearranged work travel commitments.

1.3

Matters requiring Board's approval

The Company has formulated guidelines setting forth matters reserved for the Board's decision. The Management was also given clear directions on matters including financial authorization and approval limits for operational matters and capital expenditure. The Board approves transactions exceeding certain threshold limits while delegating authority for transactions below these limits to Management to facilitate operational efficiency.

Certain material corporate actions that require the Board's approval are as follows: -

- quarterly results announcements;
- annual results and financial statements;
- recommendation of dividends;
- convening of shareholders' meetings;
- authorization of material acquisition and disposal of non-routine assets, investments and treasury products exceeding \$500,000;
- authorization of joint ventures, mergers and major transactions;
- internal audit reports;
- appointment of directors and key management personnel; and
- all corporate actions for which shareholders' approval is required.

1.4 Board Committees

To facilitate effective management, certain functions have been delegated to various board committees, namely the Audit Committee (“AC”), the Nominating Committee (“NC”) and the Remuneration Committee (“RC”), each of whose members are drawn from members of the Board (together “Board Committees” and each a “Board Committee”). Each of these Board Committees has its own written terms of reference and its actions are reported to and monitored by the Board. Minutes of the Board Committee meetings are available to all Board members. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. For a summary of the activities of the AC, the NC and the RC during FY2022, please refer to Provisions 10.1, 4.1 and 6.4 respectively below.

1.5 Board Meetings and Attendance

The schedule of all the Board and the Board Committee meetings for the calendar year is usually given to all the directors well in advance. Besides the scheduled meetings, the Board has also held several informal discussions as and when required by specific circumstances, and as deemed appropriate by the Board members. The Company’s Constitution allows a Board meeting to be conducted by means of telephone or similar communications equipment (which may include video conference). A record of the directors’ attendance at general meetings and meetings of Board and Board Committees for FY2022, as well as the frequency of such meetings, is set out in Table 1 below. Please also refer to Provision 4.5 below for further information regarding directors with multiple board representations.

TABLE 1 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS, AGM AND EGM FOR FY2022

| NAME | BOARD | AUDIT | REMUNERATION | NOMINATING | AGM | EGM | ATTENDANCE | |
|---------------------------------|-------|-------|--------------|------------|-----|-----|--------------------------------|-------|
| | | | | | | | No. Attended / No. of Meetings | Total |
| Dora Hoan Beng Mui | 4/4 | 4/4 | - | 1/1 | 1/1 | 1/1 | 11/11 | 100% |
| Doreen Tan Nee Moi | 4/4 | 4/4 | - | - | 1/1 | 1/1 | 10/10 | 100% |
| Huang Ban Chin | 4/4 | 4/4 | - | - | 1/1 | 1/1 | 10/10 | 100% |
| Lee Sen Choon | 4/4 | 4/4 | 1/1 | 1/1 | 1/1 | 1/1 | 12/12 | 100% |
| Adrian Chan Pengee | 4/4 | 4/4 | 1/1 | 1/1 | 1/1 | 1/1 | 12/12 | 100% |
| Chester Fong Po Wai | 4/4 | 4/4 | 1/1 | 1/1 | 1/1 | 1/1 | 12/12 | 100% |
| Li Lihui | 4/4 | 4/4 | - | - | 1/1 | 1/1 | 10/10 | 100% |
| Pek Wei Liang (Bai Weiliang) | 4/4 | 4/4 | - | - | 1/1 | 1/1 | 10/10 | 100% |

Provisions Corporate Governance Practices of the Company

1.6 Access to information

The members of the Board are provided with complete, adequate and timely information prior to Board meetings, and on an on-going basis. Requests for information by the Board are dealt with promptly by Management. The Board is informed of all material events and transactions as and when they occur. These include relevant information and explanatory notes on matters that are presented to the Board, such as budgets, forecasts and business models.

In relation to budgets, any material variance between projections and actual results are disclosed and explained. Timely updates on developments in accounting matters, legislation, government policies and regulations affecting the Group’s business operations are provided to all directors.

1.7 Access to Management and Company Secretary

The Board has separate and independent access to the Group’s senior management and the Company Secretary at all times. During FY2022, the Non-Executive Independent Directors (“NEIDs”) met quarterly and on an ad hoc basis with the Chairman and other key management personnel of the Group as and when required to discuss key issues and the challenges facing the Group. The Company benefited from the NEIDs having ready access to the Management for guidance and exchange of views both within and outside the formal environment of the Board and Board Committee meetings. The Board seeks independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. The directors, whether as a group or individually, may seek and obtain legal and other independent professional advice, at the Company’s expense, concerning any aspect of the Group’s operations or undertakings in order to fulfil their roles and responsibilities as directors.

The Company Secretary provides corporate secretarial support to the Board and ensures adherence to Board procedures and relevant rules and regulations which are applicable to the Company. The Company Secretary assists the Co-Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of Board proceedings. Under the direction of the Co-Chairman, the Company Secretary, with the support of the Management, ensures good information flows within the Board and the Board Committees and between senior management and non-executive directors. The appointment and replacement of the Company Secretary is a matter for the Board.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provisions Corporate Governance Practices of the Company

2.1 Director Independence

The Board comprises the following 8 members, of whom three are executive directors (“EDs”), 2 are non-executive non-independent alternate directors (“NENIs”) and the remaining 3 are

non-executive independent directors (“NEIDs”). Excluding the alternate directors, independent directors make up half the Board. A summary of the current composition of the Board and its committees is set out in **Table 2**:

| | |
|---------------------|--|
| Dora Hoan Beng Mui | Co-Chairman, Group CEO / Managing Director |
| Doreen Tan Nee Moi | Co-Chairman, President |
| Huang Ban Chin | Executive Director and Chief Operating Officer |
| Lee Sen Choon | Lead Independent Director |
| Adrian Chan Pengee | Independent Director |
| Chester Fong Po Wai | Independent Director |
| Li Lihui | Alternate director to Dora Hoan Beng Mui |
| Pek Wei Liang | Alternate director to Doreen Tan Nee Moi |

Li Lihui and Pek Wei Liang were appointed as alternate directors to Dora Hoan Beng Mui and Doreen Tan Nee Moi respectively. The reason for the appointment of alternate directors is to support the principal directors in their duties in their absence. Li Lihui’s and Pek Wei Liang’s role as alternate directors are non-executive in nature and they receive no remuneration from the Company.

The NC, which reviews the independence of each director on an annual basis, adopts the 2018 Code’s definition of what constitutes an independent director. Each independent director is required to complete a declaration of independence which is drawn up in accordance with the guidelines set out in the Code and submits the same to the NC for assessment and consideration. None of the independent non-executive directors has a relationship with the Company, its related corporations, its substantial shareholders (holding 5% or more of the shares) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interests of the company.

Concerning the independence of directors who have served on the Board beyond nine years, Lee Sen Choon who was appointed on 24 May 2004, have served on the Board beyond nine years. The NC performs an annual review of his interests in which all potential or perceived conflicts (including time commitments, length of service and other issues relevant to their independence) are considered.

Where a director has served on the Board for more than nine years, the Board has further reviewed whether such a director should be considered independent. The following were some of the factors considered in reviewing the independence of the director who has served beyond nine years:

- (a) whether the director is free from any dealings, relationships or circumstances that could affect or appear to affect his independent judgement, particularly with regards to whether the Director has indicated or demonstrated an alignment or ongoing support for any specific group of stakeholders, instead of representing the interests of all stakeholders;
- (b) whether the length of service had any adverse impact on the director’s objectivity and judgement and whether during the tenure there had been any impairment to his ability to discharge his duties and responsibilities in the overall interest of the Group, taking into consideration the interests of all stakeholders; and

- (c) whether the director continues to exhibit a firm commitment to his role and continues to actively contribute his knowledge and experience to the Group;

After due consideration and with the concurrence of the NC, the Board is of the view that Mr Lee Sen Choon has demonstrated strong independence of character and judgment over the years in discharging his duties and responsibilities as an independent director and he does not have any existing business and/or professional relationship whatsoever with Best World group of companies and its officers who could possibly influence his objectivity in discharging his duty as an independent director of the Company. Taking into account the above, the Board has determined that Mr Lee Sen Choon continues to be considered independent, notwithstanding he has served on the Board for more than nine years from the date of his first appointment. Mr Lee Sen Choon had duly recused himself from the discussion and taking a decision in respect of his own independence.

The Singapore Exchange Regulation (SGX RegCo) announced on 11 January 2023 that it will limit the tenure of independent directors (IDs) serving on the boards of listed issuers to nine years and remove the two-tier vote mechanism for companies to retain long-serving IDs who have served for more than nine years. As a transition measure, IDs whose tenure exceeds the nine-year limit can continue to be deemed independent until the issuer’s annual general meeting (AGM) held for the financial year ending on or after 31 December 2023.

The Board also reviewed the performance of each independent director and considers each of these directors brings invaluable expertise, experience and knowledge to the Board and they continue to contribute positively to the Board and Board Committees. Each independent director continues to be committed to carry out his roles and responsibilities, ensuring that the strategies proposed by the Management are constructively challenged, fully discussed and examined, taking into account the long term interests of the Company’s stakeholders which include shareholders, employees, customers and suppliers. The Board is satisfied as to the performance and continued independence of judgment of each of these directors.

2.2

Independent directors make up a majority of the Board if Chairman is not independent

The Co-Chairman of the Board and the Group Chief Executive Officer (“**Group CEO**”) of the Company are the same person, namely Dora Hoan Beng Mui. The Co-Chairman is part of the management team and is not an Independent Director. Where the Chairman is not independent, independent directors should make up a majority of the Board. In this regard, excluding the alternate directors, half the Board is made up of independent directors.

Whilst independent directors do not make up a majority of the Board, the culture practised by the Board is to always to have a group consensus on major decisions before moving forward. Even without majority representation, any issue highlighted by any director is always looked into and properly addressed in a satisfactory manner.

Being leaders in their own field, our independent directors all exercise independent thought and have no difficulty speaking out and articulating their opinion on proposals or asking for more in-depth assessment to be performed before a decision is made as a whole, in their role to assist in the development of proposals on strategy by constructively challenging management and reviewing the performance of management.

The Board is of the view that the practices it had adopted are consistent with the intent of Principle 2 which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company is met and the independent directors have demonstrated high commitment in their role as directors and have always worked towards a good balance of power and authority and good corporate governance.

In addition, the Board has a lead independent director, Mr Lee Sen Choon to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The Lead Independent Director is also available to address shareholders' concerns when contact through the normal channels of the Chairman, the CEO, or Management (including the Group Chief Financial Officer, or equivalent) has failed to provide a satisfactory resolution or when such contact is inappropriate or inadequate.

2.3 **Non-executive directors make up a majority of the Board**

Excluding alternate directors, the Board is composed of executive directors and non-executive directors in equal proportion. Although this constitutes a variation from Provision 2.3 of the 2018 Code which provides that non-executive directors make up majority of the Board, the Board is of the view that the intent of Principle 2 is met as all Board Committees are chaired by non-executive independent directors and no individual or small group of individuals dominate the decisions of the Board.

2.4 **Board Size and Board Diversity**

The Company has adopted a formal Board Diversity Policy setting out its policy, framework and measurable objectives for promoting diversity on the Board. The Board recognizes the benefits of having greater diversity on the Board in terms of skills, knowledge, experience and other aspects of diversity such as age, gender and ethnicity and views diversity on the Board as an important element in building an effective Board.

The Board believes that diversity promotes the inclusion of different perspectives and ideas, mitigates against groupthink and ensures that decisions made are well thought out, promoting better corporate governance. From time to time, members with different skillsets and experiences are brought in to bolster the Board with diverse skillsets, expertise and industry experience from both genders to spur new ideas and to meet current and future business needs. At the same time, the Board is mindful of the complexity of decision making and costs that come with a large Board, hence the Board avoids appointing directors with overlapping specialized skillsets to enhance Board effectiveness, efficiency and avoid diminishing returns.

The Board is of the opinion that Best World has a diverse Board with an appropriate balance and diversity of skills, experience, age, gender, knowledge and professional qualifications and considers that the present Board size is appropriate, taking into account the nature and scope of the Group's operations. The current Board comprises directors who as a group provide core competencies, such as business management experience, industry knowledge, financial and strategic planning experience and knowledge that are necessary and critical to meet the Group's objectives. The biographies of all Board members are set out in the section entitled "Board of Directors".

2.5 **Meeting of Independent Directors without Management**

As and when needed, the non-executive directors meet without the presence of management to review any matters that should be raised privately and provide feedback to the Board and/or Chairman as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provisions Corporate Governance Practices of the Company

3.1 **Separation of roles of the Chairman and Chief Executive Officer ("CEO")**

Dora Hoan Beng Mui currently fulfils the role of Co-Chairman and Group CEO of the Group. As one of the founders and a substantial shareholder of the Company since its inception, she plays an instrumental role in developing the business of the Group and providing the Group with strong leadership and strategic vision. All major decisions are put up for Board discussion and endorsed by the Board as described in Provision 2.2 and 2.3.

3.2 **Division of responsibilities between the Chairman and CEO**

The Chairman provides leadership to the Board. Besides being responsible for board proceedings, the Chairman is also responsible for presenting the Board's views and decisions to the public. The Group CEO is responsible for the day-to-day running of the Group and ensures that the Board's decisions and strategies are translated to the working level.

As the Co-Chairman and Group CEO, Dora Hoan Beng Mui is responsible for Board processes and ensures the integrity and effectiveness of the governance process of the Board. With the assistance of the Company Secretary and Management, she schedules and prepares the Board meetings agenda. In addition, she sets guidelines on and ensures quality, quantity, accuracy and timeliness of information flow between the Board, Management and shareholders of the Company. She encourages constructive exchanges between the Board and Management and between the executive directors and the independent directors. By virtue of the dual roles, the Co-Chairman and Group CEO had been able to consistently ensure that Board decisions and strategies are implemented seamlessly. The sustained growth of the Group under her leadership as both Co-Chairman and Group CEO is an indication of her ability to execute the responsibilities of both these roles effectively.

3.3 **Lead Independent Director**

As mentioned in Provision 2.2, the Board has appointed Mr. Lee Sen Choon, a NEID, as the Lead Independent Director. Mr. Lee Sen Choon will be available to shareholders where they have concerns, and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. In view of the above, the Company believes that the existing practices are consistent with the intent of Principle 3 of the 2018 Code and believe there are adequate safeguards to prevent an individual from having unfettered powers of decision making.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provisions Corporate Governance Practices of the Company

4.1 **Role of Nominating Committee**

The Board, in conjunction with the NC, reviews the composition of the Board and Board Committees annually, taking into account the performance and contribution of each individual director and identifying areas that have potential for improvement. Board composition is also evaluated to ensure diversity of skills, experience, gender and age diversity are maintained within the Board and Board committees.

The duties of the NC stipulated in its terms of reference are summarized as follows:

- a) To make recommendations to the Board on all board appointments;
- b) To re-nominate directors with regards to their contribution and performance;
- c) To determine annually whether a director is independent;
- d) To review the composition of the Board and make recommendations on the performance criteria and appraisal process to be used for the evaluation of the individual directors; and
- e) To assess the effectiveness of the Board as a whole and decide if each director has been adequately carrying out his or her duties.

Summary of NC's activities in 2022

- Reviewed the Board's composition and size, director's tenure, competencies and outside commitments, Board and Committee education, nomination of directors for re-election;
- Reviewed the need to renew the Board by bringing in candidates with the requisite experience and in performing the aforesaid, give adequate consideration to the Company's Board Diversity Policy;
- Reviewed the major themes arising from the annual Board Committees and Board performance review process and considered whether any aspects of the Board's oversight framework could be strengthened;
- Reviewed Board and Committee education and recommended training and professional development programmes for the Board and its directors;
- Reviewed the director's independence criteria and assessment process, including a rigorous peer review on the independence of Mr Lee Sen Choon, who served on the Board for more than 9 years and considered the time allowance given by SGX to facilitate transition of long serving directors; and
- Raised succession planning milestones for Board consideration.

4.2

Composition of NC

The NC, regulated by a set of written terms of reference, comprises four members, one of whom is an executive director and three of whom, including the Chairman, are NEIDs. The lead independent director is a member of the NC.

| | | |
|----------|---|---|
| Chairman | : | Chester Fong Po Wai (Independent Non-Executive Director) |
| Member | : | Dora Hoan Beng Mui (Co-Chairman, Group CEO / Managing Director) |
| Member | : | Lee Sen Choon (Lead Independent Non-Executive Director) |
| Member | : | Adrian Chan Pengee (Independent Non-Executive Director) |

4.3

Board Renewal and succession planning

The NC is responsible for identifying and recommending new board members to the Board. In the selection process for the appointment of new directors, the NC reviews the diversity in skills, experience, gender, age and industry knowledge as well as the desired competencies of the potential candidate. The objective is to boost the Board's competency and add to the diversity of skills to enhance the Board's overall effectiveness. Relevant competencies such as (i) academic and professional qualifications; (ii) number of other directorships; (iii) relevant experience as a director; and (iv) ability and adequacy in carrying out required tasks are also considered by the NC.

The NC leads the process for Board appointments/re-appointments and makes recommendations to the Board. The process of appointment/re-appointment is as follows:

- (i) developing a framework on desired competencies and diversity of the Board;
- (ii) assessing current competencies and diversity of the Board;
- (iii) developing desired profiles of new directors;
- (iv) initiating search for new directors from various sources, including third party search firms and institutions;
- (v) shortlisting and interviewing potential director candidates;
- (vi) recommending appointments and retirements to the Board; and
- (vii) re-election at general meeting.

In accordance with the Constitution, at each AGM, one-third of the director for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third), selected in accordance with Article 93, shall retire from office by rotation (in addition to any director retiring pursuant to Article 92). In addition, all directors, including executive directors, must submit themselves for re-nomination and re-election at least once every three years in accordance with Rule 720(5) of the SGX-ST Listing Rules (Mainboard).

All newly appointed directors will have to retire at the next AGM following their appointments. The retiring directors are eligible to offer themselves for re-election. The following directors will retire at the forthcoming AGM and have been re-nominated by the NC for re-election:

Dora Hoan Beng Mui [Rule 720(5) of the SGX-ST Listing Rules(Mainboard)]
Adrian Chan Pengee (Article 93)

The Board has accepted the NC's recommendation and accordingly, the above-mentioned directors, being eligible, will be offering themselves for re-election at the forthcoming AGM.

The profile of all Board members is set out in the section entitled 'Board of Directors'. The date of the directors' initial appointment and last re-election and their directorships/principal commitments are also disclosed. Except as disclosed, there were no other directorships or chairmanships held by the directors over the preceding three years in other listed companies.

4.4 **Continuous Review of Director's Independence**

The NC determines the independence of each director annually, and as and when circumstances require, based on the definitions and guidelines of independence as set forth in Provision 2.1 above. The Board, after taking into consideration the views of the NC, is of the view that Messrs Lee Sen Choon, Adrian Chan Pengee and Chester Fong Po Wai are independent. Please also refer to Provision 2.1 above for further information on the declaration of independence submitted by the independent directors to the NC for assessment and consideration.

4.5 **Multiple listed company directorships and other principal commitments**

The NC ensures that new directors are aware of their duties and obligations and has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards. The Board has determined that directors should not concurrently hold more than six listed company board representations. Where a director has multiple board representations, the NC also considers whether or not the director is able to and has adequately carried out his duties as a director of the Company. The NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provisions Corporate Governance Practices of the Company

5.1 **Assessment of effectiveness of the Board and Board Committees and assessing the contribution by individual directors**

The Board has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board, the Board Committees and the contributions by each individual

director. The NC is also responsible for deciding how the Board's performance may be evaluated and considers practical methods to assess the effectiveness of the Board, Board Committees and the individual director.

5.2 The NC has adopted a formal system of evaluating the Board, annually. A Board performance evaluation was carried out and the assessment parameters include evaluation of the Board's composition, size and diversity, Board processes and procedures, Board accountability, evaluation and succession planning. The annual evaluation exercise provides an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes had allowed him to discharge his duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole.

The evaluation of Board's performance deals with matters on Board composition, information to the Board, Board procedures, Board accountability, the Board's preparedness to deal with problems and crisis, the functioning of the Board Committees, CEO / Top Management and standards of conduct. The Board Committees' evaluation deals with the efficiency and effectiveness of each committee in assisting the Board. The criteria for the evaluation of individual director include amongst others, attendance at meetings, directors' duties, their contribution to the testing and development of strategy and to risk management, know-how and interaction with fellow directors, senior management, shareholders and auditors.

The completed forms are returned to the Company for compilation of the average scores. The compiled results are then tabulated and presented at the NC Meeting for the NC's review. The Chairman of the NC will then present the deliberations of the NC to the Board.

No external facilitators were used in the assessment of the Board as a whole, its Board Committees and the individual directors.

REMUNERATION MATTERS

Procedures for developing remuneration policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provisions Corporate Governance Practices of the Company

6.1 **RC to recommend remuneration framework and packages**

The principal function of the RC is to ensure that a formal and transparent procedure is in place for fixing the remuneration framework and specific remuneration packages for the directors and key management personnel of the Group.

The duties of the RC under its terms of reference are as follows:

- a) reviewing and recommending to the Board, a remuneration policy framework and guidelines for remuneration of the Board and the CEO and key management personnel;

- b) determining specific remuneration packages for each of the directors and key management personnel covering all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;
- c) seeking expert advice inside and / or outside the Company on remuneration of all directors, if necessary, and ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;
- d) periodically considering and reviewing remuneration packages in order to maintain their attractiveness, so as to retain and motivate the directors and key management personnel; and
- e) considering the implementation of schemes to encourage non-executive directors to hold shares in the Company so as to better align the interests of such non-executive directors with the interests of shareholders.

The RC's considerations and recommendation for the fee framework of NEIDs had been made in consultation with the Co-Chairman of the Board and had been endorsed by the entire Board, following which the recommendation is tabled for shareholders' approval at the Company's AGM. No member of the RC or the Board participated in the deliberation of his/her own remuneration.

6.2 **Composition of RC**

The RC, regulated by a set of written terms of reference, comprises the following three independent non-executive directors as at the date of this report:

Chairman : Adrian Chan Pengee
 Member : Lee Sen Choon
 Member : Chester Fong Po Wai

6.3 **RC to consider and ensure all aspects of remuneration is fair**

The RC considers all aspects of remuneration, namely, director's fees, salaries, allowances, bonuses, share-based incentives and awards, other benefits-in-kind and termination terms, to ensure that they are fair. The remuneration packages of the executive directors are based on their respective service agreements. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the executive directors.

6.4 **Expert advice on remuneration**

No independent consultant is engaged for advising on the remuneration of all directors and key management personnel. In its deliberations on remuneration matters, the RC takes into consideration industry practices and norms in compensation in addition to the Group's relative performance to the industries it operates in as well as the employment conditions within those industries and the performance of the individuals.

Summary of RC's activities in FY2022

- Reviewed the remuneration level of executive directors;
- Reviewed the remuneration package of employees who are substantial shareholders, or are immediate family members of a director or CEO or substantial shareholder;
- Agreed with the remuneration packages for key management personnel;
- Discussed the next renewal of the service agreements of executive directors and remuneration benchmarking; and
- Reviewed the remuneration level of NEIDs.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions Corporate Governance Practices of the Company

7.1 and 7.3 **Remuneration of executive directors and other key management personnel are appropriately structured to link rewards to performance**

The remuneration of the Company's directors and key management personnel has been formulated to attract, retain and motivate individuals the Group relies on to provide good stewardship to the Company, achieve its business strategy and create long-term value for its shareholders. The RC believes that fair performance-related pay should motivate good corporate and individual performance and that rewards should be closely linked to and commensurate with it.

Executive directors do not receive directors' fees. They have service agreements with the company that are renewed every three years. In addition to the basic salary component and benefits-in-kind, the executive directors' remuneration is linked to performance via a tiered incentive bonus based on profit before tax. The RC reviews the audited group financial results against the targets achieved before approving the distribution of the annual incentive bonus.

The Co-Chairman is consulted by the RC on matters relating to the other executive directors and key management personnel who report to her on matters relating to the performance of the Company. She duly abstained from participation in discussions and decisions on her own remuneration.

Key management remuneration comprises basic salary and variable bonuses which are based on individual and the performance of the Group as a whole for that year. Key performance indicators that determine performance are different for each key management personnel.

The Company has contractual provisions for key management positions whereby the Company shall have the right to reclaim all or any portion of bonus payment within the last three fiscal years in the event of significant restatement of the Company's financial statements due to fraud or misconduct committed by the bonus recipient.

Long Term Incentive Scheme

The Company has an employee share award scheme known as the BWI Performance Share Scheme (the "Scheme"), administered by the RC. The Scheme provides an opportunity for employees who

met performance targets to receive their bonus through an equity stake in the Company instead of receiving cash, based on the market closing price on the day that the share award vests. The Circular to Shareholders dated 8 April 2009 containing the details of the Scheme is available to shareholders upon their request.

In 2018, 231,600 shares were granted through the use of our treasury shares on 18 April 2018 to employees who opted into the Scheme. No new shares have been issued during the financial year by virtue of the grant of share awards under the Scheme.

The Scheme was at the end of its 10-year duration and was discontinued on 30 April 2019.

7.2 Remuneration of non-executive director dependent on contribution, effort, time spent and responsibilities

The independent non-executive directors are paid director's fees, consisting of a base fee for their appointments in the Board and its committees, fees for chairing each board committee and taking up additional appointment of Lead Independent Director, based on their effort and time spent to fulfil their responsibilities.

The fee structure is as follows:

| | S\$ |
|---|--------|
| Base fee for appointment to the Board and its committees | 67,000 |
| Additional fee for chairing a Board Committee | 13,000 |
| Additional fee for chairing the Audit Committee | 3,000 |
| Additional fee for the appointment as Lead Independent Director | 2,000 |

The RC had recommended to the Board an amount of S\$245,000 as Directors' fees to be paid for FY2022, which will be tabled for shareholders' approval at the forthcoming AGM

Fees for non-executive independent directors are subject to the approval of shareholders at the AGM.

DISCLOSURE OF REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions Corporate Governance Practices of the Company

8.1 Remuneration disclosures of directors and key management personnel; Details of employee share schemes

For competitive reasons and difference in salary benchmarks across the countries the Group operates in, the Company discloses the remuneration of individual executive directors and the top five key management personnel on a named basis in bands of S\$250,000. The Board's view is that it is not in the Company's interest to disclose the exact remuneration of each individual director

and the CEO, taking into consideration the highly competitive human resource environment for such personnel, and that such disclosure of specific remuneration information may give rise to recruitment and retention issues. The Company believes that shareholders' interest will not be prejudiced by the non-disclosure of each individual director's and the CEO's individual remuneration.

Please also refer to Provisions 7.1 and 7.2 above for further details on the Company's policy and criteria for setting remuneration. The Company is of the view that through the disclosures made in the Annual Report, there is sufficient transparency in its practices which are consistent with the intent of Principle 8 of the Code.

| | Remuneration Bands / Remuneration | Salary ¹ (%) | Bonus (%) | Benefits-in-kind (%) | Fees (%) | Total (%) |
|--|-----------------------------------|-------------------------|-----------|----------------------|----------|-----------|
| Executive Directors | | | | | | |
| Dora Hoan Beng Mui | \$12,500,000 to \$12,750,000 | 7 | 92 | 1 | - | 100 |
| Doreen Tan Nee Moi | \$12,500,000 to \$12,750,000 | 7 | 92 | 1 | - | 100 |
| Huang Ban Chin | \$7,500,000 to \$7,750,000 | 8 | 91 | 1 | - | 100 |
| Independent Directors | | | | | | |
| Lee Sen Choon | \$85,000 | - | - | - | 100 | 100 |
| Adrian Chan Pengee | \$80,000 | - | - | - | 100 | 100 |
| Chester Fong Po Wai | \$80,000 | - | - | - | 100 | 100 |
| Top Five Key Management Personnel | | | | | | |
| Jansen Tang | \$1,750,000 to \$2,000,000 | 12 | 88 | - | - | 100 |
| Simon Yeh | \$1,000,000 to \$1,250,000 | 21 | 79 | - | - | 100 |
| Jerry Lu | \$500,000 to \$750,000 | 30 | 70 | - | - | 100 |
| Koh Hui | \$500,000 to \$750,000 | 45 | 54 | 1 | - | 100 |
| Sugiharto Husin | \$500,000 to \$750,000 | 42 | 57 | 1 | - | 100 |

¹ Comprises salary and all CPF contributions

There are no extraordinary termination, retirement and post-employment benefits granted to the directors and the top five key management personnel. Compensation for immediate termination is the notice period remuneration unless termination is due to misconduct, where no compensation will be granted.

The aggregate of the total remuneration paid to the top five key management personnel for FY2022 was S\$4,642,354.

8.2 **Remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company**

Details of the remuneration of employees who are immediate family member (defined in the Listing Manual as the spouse, child, adopted child, stepchild, brother, sister and parent) of a director, the CEO or a substantial shareholder, in the employment of the Company whose annual remuneration exceeded S\$100,000 during FY2022 are disclosed as follows:

| Immediate Family Member of Director | Relationship with Director | Designation | Remuneration Bands |
|-------------------------------------|-------------------------------|------------------------------|-------------------------|
| Hoan Beng Hua | Brother of Dora Hoan Beng Mui | Senior Production Supervisor | S\$200,000 – S\$250,000 |

8.3 **Details of Employee share schemes**

There was no employee share scheme offered by the Company during the year. Disclosure on all forms of remuneration are sufficiently disclosed in this report under Principles 6, 7 and 8 and in the financial statements of the Company and the Group.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provisions Corporate Governance Practices of the Company

9.1 **Board determines the nature and extent of risks**

The Board has instituted risk tolerance levels to guide Management in the course of operations and achieving its strategic objectives. These tolerance levels were drafted based on the top risks identified by the Enterprise Risk Management (“ERM”) committee. Board approval is required for initiatives involving greater risk exposures that exceed the predetermined levels. The Group’s Investment Guideline Policy sets out the policies and guidelines for investments of more than S\$500,000. Pursuant to the Investment Guideline Policy, all investments must be initiated by the Directors and assisted by the Treasury Division of the Finance department and Corporate Legal Manager of the Company. Once a potential investment is identified, the target will be brought to the attention of the Board in writing or during a board meeting. A working group which includes but is not limited to the management, legal counsel, certified public accountants, as well as relevant employees which the directors assign to be in the working group, will be formed. A financial adviser may also be involved for material transactions where appropriate. Upon completion of the due diligence and valuation exercises, the working group will present the final investment proposal to the Board for approval. In accordance with Chapter 10 of the Listing Manual of the SGX-ST, the

investment may also be conditional upon the approval of the Company’s shareholders and the SGX-ST. Completed investments will be analysed during the board meetings on a half-yearly basis as part of the enterprise risk management updates.

The ERM Committee comprises the Executive Director and Chief Operating Officer – Mr Huang Ban Chin, department heads and chaired by the Lead Independent Director – Mr Lee Sen Choon who assists the Board on risk management. The key components of the Company’s risk management framework include:

- Risks assessment – Risks that the Company is exposed to are identified, assessed and updated in the risk register. The risks are rated and ranked according to the likelihood and its impact. Top risks are highlighted for extra emphasis.
- Risks monitoring – Risks are monitored through internal audits, internal reviews, questionnaires circulated to subsidiary management and the control self-assessment (“CSA”) programme.
- Risks response & risks reporting – The ERM committee holds regular meetings to discuss risk issues, new initiatives and reports material findings uncovered from risk monitoring. These meetings are thoroughly minuted and form part of the Board papers presented to the Board. Key risks exposures and statuses are also compiled in a risk reporting summary and submitted for Board review.

The top 5 risks faced by the Group are identified below:

- 1) Epidemic outbreaks in the countries we operate in, requiring focus on protection of our sales channels and staff safety.

Most recently, the Covid-19 pandemic has been disrupting business landscapes globally. Unprecedented and highly contagious, it has caused lockdowns of cities and country borders all over the world. Due to its scale, it is managed at a government level, with national policies being rolled out for compliance. Businesses are forced to adopt social distancing measures and explore online sales channels to avoid physical contact and virus spread. We continue to invest in our IT infrastructure to bring our business online and monitor government policies closely to do our part to prevent virus spread and protect our staff from the pandemic.

- 2) Sudden discontinuation of key products

Although BWI has a wide range of products, a few products within the range form the major part of revenue. For example, our DR’s Secret range of skincare products form the major part of our revenue. Discontinuation of products can arise because of restrictions of certain product ingredients imposed by the authorities. These changes in regulations are not controllable by BWI and unfavourable changes can occur despite having met initial requirements. The product development team keeps track of regulatory requirements of the countries that the company operates in. BWI also engages agents in those countries to advise on local requirements and updates. The product development team consistently seeks to enlarge the product range to reduce reliance on any single product. Moreover, we have alternative suppliers for our key products who are ready to cover the shortfall should any supplier fail.

3) Disruption in supply

Our head office supplies the regional centres with inventory. A forecast is prepared by the regional centre to enable head office to determine how much should be ordered from the supplier. As these forecasts are based on estimates, the regional centres risk facing stock shortage when sales exceed their forecast. On the other hand, ordering too much resulted in higher storage costs and stock obsolescence. We regularly review sales forecasts, monitor custom regulations, maintain buffer stocks and work with our suppliers to minimize disruptions.

4) Non-compliance with regulatory requirements

As regulations catch up with the business landscape, regulatory requirements have not only increased both in scope and depth but are accompanied by tight deadlines. As BWI operates in more countries, these deadlines if not met by any subsidiary, may lead to non-compliance of regulatory requirements, hence presenting a more significant risk to the Group. The Group monitors the compliance of such requirements and where necessary, seek the advice of local consulting firms on matters that require significant expertise. Internal and external audits are conducted periodically to monitor the entities' operations.

5) Unfavourable foreign exchange movement

As the Group operates internationally, revenue is generated in various currencies. Although subsidiaries are required to remit excess cash, the company still has foreign currency exposure should local currency fluctuate significantly against the Singapore dollar. BWI monitors monetary policy changes, major currency exposures and attempt to fix rates where feasible to minimize unfavourable exchange rate fluctuations.

The CSA programme established provides a framework to obtain feedback on the state of internal controls. The programme requires subsidiaries to review and report annually on the effectiveness of controls and the control environment to HQ and significant findings are reported to the Board. Periodically, internal audit and independent reviews would be conducted to validate the self-assessments.

Based on the system of internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees, the Board, with the concurrence of the Audit Committee is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls and risk management systems were adequate and effective as at 31 December 2022.

The internal controls maintained by the Management provide reasonable but not absolute assurance against material misstatements or loss, and the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with relevant legislation, regulation and best practice and containment of business risk.

9.2

Assurance from the Co-Chairman, Group CEO / Managing Director, Senior Group Financial Controller and other key management personnel

The Board has received assurance from (a) the Co-Chairman, Group CEO / Managing Director and the Senior Group Financial Controller that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the Co-Chairman, Group CEO / Managing Director and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provisions Corporate Governance Practices of the Company

10.1 **Duties of AC**

The AC assists the Board in discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records, develop and maintain effective systems of internal control. The duties of the AC are as follows:

External Audit

- a) review with the external auditors and Management on the following:-
 - i) the audit plan;
 - ii) significant financial reporting issues and judgments so as to ensure integrity of the financial statements of the company and any announcements relating to the company's financial performance;
 - iii) their audit report; and
 - iv) their management letter and Management's response.
- b) ensure co-ordination where more than one audit firm is involved;
- c) review the quarterly, half-year and annual financial statements and earnings releases before submission to the Board for approval;
- d) meet with the external auditors and internal auditors at least once a year in the absence of Management to discuss issues arising from the audit, including the assistance given by the Management to the auditors;
- e) report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- f) undertake such other reviews and projects as may be requested by the Board;

- g) undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time;
- h) consider and recommend to the Board, the appointment / re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- i) review the independence of the external auditors annually and the aggregate amount of fees paid to the external auditors for that financial year and a breakdown of the fees paid in total for audit and non-audit services; and
- j) ensure that the External Auditor has direct and unrestricted access to the Chairman of the Board and the AC.

Internal Audit

- a) review and report to the Board at least annually on the adequacy and effectiveness of the Company's risk management and internal controls, including financial, operational, compliance and information technology controls;
- b) review internal audit programme and the scope and results of the internal audit and its effectiveness;
- c) review the appointment, removal, evaluation and compensation of the internal audit function;
- d) review and monitor Management's responsiveness to the internal audit findings and recommendation; and
- e) ensure that the Head of Internal Audit has direct and unrestricted access to the Chairman of the Board and the AC.

Interested Person Transactions ("IPT")

- a) approve the internal control procedures and arrangements for all future related party transactions to ensure that they are carried out on arm's length basis and on normal commercial terms;
- b) review transactions falling within the scope of Chapter 9 (Interested Person Transactions);
- c) consider the need for a general mandate for IPT and obtain independent advisory support, if required;
- d) where a general mandate is being renewed, consider if the basis of determining the transaction process is adequate to ensure fair transaction terms;
- e) direct Management to present the rationale, cost-benefit analysis and other details relating to IPT subject to specific mandate; and
- f) receive report from Management and internal audit on IPT.

Internal Control

- a) assess the effectiveness of the internal control and risk management systems established by the Management to identify, assess, manage and disclose financial and non-financial risks at least once a year;
- b) review the statements included in the annual report on the Group's internal controls and risk management framework;
- c) review reports from Management and internal auditors on the effectiveness of the systems for internal control, financial reporting and risk management; and
- d) review the Group's procedures for detecting fraud and whistleblowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Risk Management

- a) advise the Board on the Group's overall risk tolerance and strategy;
- b) oversee and advise the Board on the current risk exposures and future risk strategy of the Group;
- c) in relation to risk assessment, (i) keep under review the Group's overall risk assessment processes that inform the Board's decision making; (ii) review regularly and approve the parameters used in these measures and the methodology adopted; and (iii) set a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
- d) review the Group's capability to identify and manage new risk types;
- e) before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions, focusing particularly on risk aspects and implications for the risk tolerance of the Group, and taking independent external advice where appropriate and available;
- f) provide advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in executive remuneration;
- g) review promptly all relevant risk reports on the Group; and
- h) review and monitor the Management's responsiveness to the findings.

Apart from the above duties, the AC will commission and review the findings of internal investigations into matters where there is suspicion of fraud or irregularity, or failure of internal controls or infringement of any Singapore law or regulation or rules of the SGX-ST or any other regulatory authority in Singapore which has or is likely to have a material impact on the operating results and/or financial position.

In performing its duties, the AC:

- (i) has met with the internal and external auditors, without the presence of management, at least once a year;
- (ii) has explicit authority to investigate any matter within its terms of reference;
- (iii) has had full access to and cooperation from Management and has full discretion to invite any director and executive officer to attend its meetings; and
- (iv) has been given reasonable resources to enable it to discharge its functions properly.

The AC noted that there were no non-audit services provided by the external auditors to the Company in FY2022 that may impair the independence or objectivity of the external auditors of the Company. As at 31 December 2022, total fees paid/payable amounted to S\$416,600, fully comprising of audit fees.

The AC had recommended to the Board that the auditors, CLA Global TS Public Accounting Corporation, be nominated for re-appointment as auditors at the forthcoming AGM of the Company.

The auditors, CLA Global TS Public Accounting Corporation, have indicated their willingness to accept re-appointment.

In recommending the re-appointment of the auditors, the AC considered and reviewed various factors including the adequacy of resources, the experience of the auditing firm and the audit engagement partner, the firm's other audit engagements, the number and experience of supervisory and professional staff to be assigned to the audit, the size and complexity of the Group and its businesses and operations. Accordingly, the AC has recommended the re-appointment of CLA Global TS Public Accounting Corporation as external auditors at the AGM of the Company.

The Company has in place a whistle-blowing policy to empower employees with avenues to report suspected fraud, corruption, dishonest practices and other acts of misconduct. The policy is available on the company website and includes contacts of the HQ compliance team and members of the AC. Independence is ensured as matters relating to subsidiaries can be referred to the HQ compliance team and matters relating to HQ can be referred to the AC. An independent team reporting directly to the ERM committee or the AC will be established according to the severity of the incident to follow up on the report. All information received will be kept confidential to protect the identity (if available) and the interest of all whistle blowers. Those found to have taken reprisal actions or victimized the whistle blower shall face disciplinary action, including the possibility of dismissal. All disclosures made through the whistle blowing channel are recorded and reported to the AC on a half-yearly basis, together with the findings and follow-up actions taken. There were no significant matters raised through the whistle blowing channel in FY2022.

Summary of AC's activities in FY2022

- (i) reviewed the financial statements of the Company before the announcement of the Company's quarterly and full-year results;
- (ii) together with the COO and Senior Group Financial Controller and where applicable, the external auditors, reviewed the key areas of Management's judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials;
- (iii) reviewed and approved both the Group internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls comprising financial, operational, information technology and compliance controls of the Company;
- (iv) reviewed the independence and objectivity of the internal and external auditors through discussions with the internal and external auditors;
- (v) reviewed non-audit fees, where applicable;
- (vi) reviewed the appointment of different auditors for its subsidiaries;
- (vii) reviewed the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group;
- (viii) reviewed the internal audit functions and discussed accounting implications of major transactions including significant financial reporting issues;
- (ix) reviewed interested party transactions;
- (x) reviewed with the COO, Senior Group Financial Controller and external auditors on the changes to accounting standards and issues which are relevant to the Group and have a direct impact on the Group's financial statements; and
- (xi) reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2022 as well as the Independent Auditors' Report thereon before submitting them to the Board for its approval.

Financial Reporting Matters

In the review of the financial statements for FY2022, the following significant matters impacting the financial statements and its disclosures were reviewed by the Audit Committee and discussed with Management and the external auditors.

| Significant Matter | Comments by the Audit Committee |
|----------------------------------|--|
| Business model in China | <p>The Audit Committee notes that management has continued to engage Merit and Tree (Beijing) Law Office to provide updates to the supplementary Legal Opinion, dated March 29, 2023. In their report, Merit and Tree reviewed key areas such as 1) the continuing collaboration with SDIC Human Resources Co., Ltd and the automatic renewal of their service agreement, 2) researched the laws and regulations related to ChuanXiao and direct selling and found no changes since January 1, 2022 and 3) searched for administrative penalties during the period from January 1, 2022 to March 29, 2023 through Wolters Kluwer, Administrative Penalty Decision Network, Zhejiang Province administrative punishment information public network and China Judgement Online on March 29, 2023 and found that the company has not been administratively punished by any Chinese authorities for engaging in ChuanXiao or direct-selling activities within the Period.</p> <p>Additionally, the external auditor also performed work to understand the business model, reviewed the updated legal opinion, performed independent searches for legal and compliance issues relating to the company and considered relevant accounting standards to ensure the adequacy of disclosures in the financial statements.</p> <p>The Audit Committee is satisfied that sufficient work has been done to monitor this area of concern.</p> |
| Revenue recognition | <p>The Audit Committee discussed the key audit matter with the external auditors and is satisfied with the audit procedures performed by the external auditors over revenue recognition.</p> |
| Valuation of put and call option | <p>The Audit Committee was apprised of the work done by the external auditor in assessing the independence and competency of the valuer engaged by management, the appropriateness of the valuation methodologies used, the reasonableness of assumptions and also to consider the adequacy of the disclosures in the financial statements.</p> <p>The Audit Committee considers the valuation approach, estimates and assumptions adopted and disclosures in the financial statements to be appropriate.</p> |

Rule 1207(6) and Rules 712 and 715 and/or Rule 716 of the SGX-ST

The Board and AC have reviewed the appointment of different auditors for some of its subsidiaries and significant associated companies and were satisfied that such appointment would not compromise the standard and effectiveness of the audit of of the Group and that Rule 716 of the Listing Manual has been complied with. Refer to Note 16 “Investments in subsidiary corporations” of the Notes to the Consolidated Financial Statements for the subsidiaries audited by different auditors.

In appointing the audit firms for the Company, its subsidiaries and significant associated companies, the Audit Committee and the Board are satisfied that the Group has complied with Listing Rules 712, 715 and 716.

10.2

Composition of AC

The AC, regulated by a set of written terms of reference, comprises three NEIDs, all of whom are non-executive, and the majority of whom, including the AC Chairman, are independent.

Chairman : Lee Sen Choon
 Member : Adrian Chan Pengee
 Member : Chester Fong Po Wai

The AC Chairman, Lee Sen Choon, has more than 30 years of experience in accounting, auditing, taxation and corporate secretarial work. The other members of the AC possess experience in finance, legal, business management and are exposed to regular updates from the relevant regulators. They are considered to be well qualified by the Board to discharge their duties in the AC.

The AC members take measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements through periodic meetings with the external auditors, briefings provided by professionals or external consultants as necessary.

10.3

AC does not comprise former partners or directors of the Company’s auditing firm

None of the AC members were previous partners or directors of the Company’s existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation and none of the AC members hold any financial interest in the auditing firm or auditing corporation.

10.4

Primary reporting line of the internal audit function is AC; internal audit function has unfettered access to Company’s documents, records, properties and personnel

The internal audit function of the Company is outsourced to an external consulting firm – BDO LLP, who has unfettered access to all the Company’s documents, records, properties and personnel, including access to the AC. The Internal Audit methodology adopted by the internal auditors is consistent with the requirements of The Institute of Internal Auditors.

The AC has reviewed the adequacy and effectiveness of the internal audit function and is satisfied that the internal audit function is independent, effective and adequately resourced, has unfettered access to all the Group’s documents, records, properties and personnel, including the AC, and has appropriate standing within the Company. The AC is satisfied that the internal audit function is adequately resourced and is independent of the activities it audits.

The AC approves the hiring, removal, evaluation and compensation of the internal audit function. Based on risk assessments performed, greater emphasis and appropriate internal reviews are planned for high risk areas and material internal controls, including compliance with the Group's policies, procedures and regulatory responsibilities. The internal audit plans are reviewed and approved by the AC annually.

10.5 **AC meets with the auditors without the presence of Management annually**

Annually, the AC meets (physically or via teleconference) separately with the internal and external auditors without the presence of Management.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions Corporate Governance Practices of the Company

11.1 **Company provides shareholders with the opportunity to participate effectively and vote at general meetings**

Management supports the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the general meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the general meeting.

In general meetings, shareholders are given the opportunity to communicate their views and direct questions to directors and Management regarding the Company. The Chairpersons of Board Committees are present at the AGM and other general meetings of shareholders, to assist the Board in addressing shareholders' questions.

Shareholders are also given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing such meetings are clearly communicated to attendees.

In accordance with Rule 730A(2) of the Listing Manual and to have greater transparency in the voting process, the Company has conducted the voting of all its resolutions by poll at all of its general meetings. The detailed voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions are also announced after the meetings via SGXNet.

The Annual Report, Notice of AGM and Proxy form will be made available to shareholders solely by electronic means via publication on SGXNet and our corporate website (www.bestworld.com.sg). Our coming AGM will be held by way of electronic means to keep physical interactions and COVID-19 transmission risk to a minimum. Shareholders may submit questions in advance, or live at the AGM and appoint a proxy(ies) or the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the AGM.

11.2 **Separate resolution on each substantially separate issue**

Resolutions to be passed at general meetings are always separate and distinct in terms of issue and are consistent with the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

11.3 **All directors attend general meetings**

All directors will be in attendance at the Company's AGM to address shareholders' questions relating to the work of the Board and Board Committees.

The Company's external auditors, CLA Global TS Public Accounting Corporation, have also been invited to attend the AGM and will be available to assist the directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report. All directors attended the Company's last AGM in FY2021 via electronic means on 25 July 2022.

11.4 **No provision in Company's Constitution for absentia voting of shareholders**

Under the Company's Constitution and pursuant to the Companies Act, Chapter 50 of Singapore (the "CA"), a relevant intermediary (as defined in the CA) may appoint more than two proxies to attend AGMs and any other general meeting. A registered shareholder who is not a relevant intermediary may appoint up to two proxies.

The Company has not amended the Constitution to provide for other methods of voting in absentia due to security and integrity concerns. The Company noted that provision for such other methods of voting in absentia would also require a costly system of authentication to ensure the integrity of information and the identity of shareholders in telephonic and electronic media.

11.5 **Minutes of general meeting are published on the Company's corporate website**

Questions, comments received from shareholders and responses from the Board and Management were recorded in the minutes of general meetings.

In view of the requirements of COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies) Order, the Company had published the minutes of its 2021 Annual General Meeting on SGXNet and the Company's website within one month after the date of the meeting.

11.6 Dividend policy

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, no dividends have been declared/recommended by the Board for the financial year ended 31 December 2022. The Board and the Management will periodically assess the economic situation and the financial health of the Company and make further decisions or adjustments to the dividend policy as appropriate.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions Corporate Governance Practices of the Company

12.1 Company provides avenues for communication between the Board and shareholders

The Company is committed to regular and timely communication with shareholders as part of the organization's development to build systems and procedures that will enable the Group to compete internationally. The Company communicates information to its shareholders on a timely basis through:

- a) Disclosures via SGXNet and press releases on major developments of the Group;
- b) The Group's website at www.bestworld.com.sg from which shareholders can access. The website provides all publicly disclosed financial information, corporate announcements, press releases and the annual report;
- c) Annual reports which are prepared and issued to all shareholders;
- d) Share investor online portal which provides the Company's share updates and all publicly disclosed information;

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the proposed resolutions and/or ask the directors or the Management questions regarding the Company and its operations.

12.2 Company has in place an investor relations policy and the policy set out the mechanism of communication between the shareholders and the Company

The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. Pursuant to the Best World Investor Relations Policy, the Group strives to disseminate all price-sensitive and pertinent information to its Shareholders and the investment community in an accurate, fair and timely manner on a non-selective basis.

12.3 The Best World Investor Relations Policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions. In particular, shareholders and the investment community can contact the Company's Investor Relations team by telephone at (65) 6899 0088 during office hours or via email at IR@bestworld.com.sg. This is communicated to shareholders and the investment community on the Company's corporate website.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions Corporate Governance Practices of the Company

13.1 Engagement with material stakeholder groups

The Company has appropriate channels in place to identify and engage with its key stakeholder groups. The Company recognizes the importance of understanding the Group's businesses and regular interactions with key stakeholders to determine material issues for the Group's businesses as part of sustainability reporting.

13.2 The strategy and key areas of focus in relation to the management of stakeholder relationships are disclosed under "Stakeholder Engagement" of the FY2022 Sustainability Report.

13.3 Corporate website to engage stakeholders

The Company provides timely and informative updates relating to company announcements, quarterly financial results announcements, news releases and corporate presentations on its corporate website. Moving forward, the Company will include more details on its management of stakeholder relationships during the reporting period, including best practices for compliance.

DEALING IN SECURITIES

Rule 1207(19) of the SGX-ST Listing Manual The Company has adopted the requirements in SGX-ST's Rule 1207(19) applicable to dealings in the Company's securities by its directors, Management and officers. Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information are prohibited to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

Directors, Management and officers of the Group are also advised to observe insider trading provisions under the Securities and Futures Act 2001 at all times even when dealing in the Company's securities within the permitted trading periods. In addition, the directors, Management and officers of the Group are discouraged from dealing in the Company's securities on short-term considerations.

MATERIAL CONTRACTS

Rule 1207(8) of the SGX-ST Listing Manual Save for the Service Agreements entered into with Dora Hoan Beng Mui, Doreen Tan Nee Moi and Huang Ban Chin, which are still subsisting as at the end of FY2022, there are no material contracts involving the interests of the CEO, the directors or controlling shareholders entered into by the Group which are still subsisting as at the end of the financial year or entered into during the financial year.

SUSTAINABILITY REPORTING

Rule 711A - 711B the SGX-ST Listing Manual The Group is committed and passionate about contributing back to society in meaningful ways. In addition, we believe that the effective management of environmental, social and governance (ESG) risks and opportunities can help us to deliver long-term value to our stakeholders.

The Company published its FY2022 Sustainability Report (the "Report"), which is aligned to SGX-ST's Listing Rules – Sustainability Reporting Guide, together with the Annual Report. This Report is publicly accessible via Best World's website as well as on SGXNet.

INTERESTED PERSON TRANSACTIONS

Rule 1207(17) the SGX-ST Listing Manual The Company has adopted an internal policy that governs procedures for the identification, approval and monitoring of transactions with interested persons. All interested person transactions ("IPT") are subject to review by the AC every quarter to ensure that they are carried out at arm's length and the relevant rules in Chapter 9 of the Listing Manual of SGX-ST are complied with.

In the event that the Company or any of its subsidiaries proposes to enter into a contract or other transaction with one or more directors or with a corporation, firm, association or other entity in which one or more of the directors have a substantial financial interest or are officers or directors, the directors interested in the transaction shall:

- disclose his or her interest to the Board, prior to any vote on the transaction;
- in addition to compliance with a) above, recuse himself or herself from discussions, deliberations, or votes concerning the transaction; and
- not to be counted in determining the existence of a quorum.

In considering any transaction, the Board shall satisfy itself that the transaction is fair and reasonable to the Company and/or subsidiaries and does not constitute an excess benefit to the director interested in the transaction. Wherever feasible, the Board shall approve an IPT only after obtaining at least 2 other quotations from unrelated third parties for comparison, to ensure that the interests of minority shareholders are not prejudiced. The fee for services shall not be higher than the most competitive fee of the 2 other quotations from unrelated third parties. In determining the most competitive fee, the service provider, quality, delivery time and track record will all be taken into consideration.

When reviewing the IPTs, the director interested in the transaction will not be consulted in the selection process and will not be given the quotations received from the other service providers.

The Group did not obtain a general mandate from shareholders for Interested Person Transactions. The aggregate value of the interested person transactions entered into during FY2022 is as follows:-

| Name of the interested person | Nature of relationship | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920(excluding transactions less than \$100,000) |
|---|---------------------------------------|---|--|
| | | \$'000 | \$'000 |
| Pek Lu Pin - Sales - Freelance commission paid - Marketing fee paid | Daughter of Doreen Tan Nee Moi | 20 262 182 | NA NA NA |
| Pek Jia Rong - Sales - Freelance commission paid | Daughter of Doreen Tan Nee Moi | 48 237 | NA NA |
| Pek Jia Xuan - Sales - Freelance commission paid | Daughter of Doreen Tan Nee Moi | 30 95 | NA NA |
| Tan Geok Fong Felicia - Sales - Freelance commission paid - Marketing fee paid | Sister of Doreen Tan Nee Moi | 32 50 115 | NA NA NA |
| Huan Beng Choon - Sales - Freelance commission paid | Brother of Dora Hoan Beng Mui | 25 181 | NA NA |
| Seng Beng Huat - Consultancy fee paid | Live-in partner of Dora Hoan Beng Mui | 148 | NA |

TABLE 2 – COMPOSITION OF BOARD AND BOARD COMMITTEES

| Name of Director | Board Membership | Audit Committee | Nominating Committee | Remuneration Committee |
|---|------------------------------------|-----------------|----------------------|------------------------|
| Dora Hoan Beng Mui | Executive Chairman/Non-independent | - | Member | - |
| Doreen Tan Nee Moi | Executive/Non-independent | - | - | - |
| Huang Ban Chin | Executive/Non-independent | - | - | - |
| Lee Sen Choon | Non-Executive/Independent | Chairman | Member | Member |
| Adrian Chan Pengee | Non-Executive/Independent | Member | Member | Chairman |
| Chester Fong Po Wai | Non-Executive/Independent | Member | Chairman | Member |
| Li Lihui ⁽¹⁾ | Non-Executive/Non-Independent | - | - | - |
| Pek Wei Liang (Bai Weiliang) ⁽²⁾ | Non-Executive/Non-Independent | - | - | - |

Note: ⁽¹⁾ Alternate Director to Dora Hoan Beng Mui

⁽²⁾ Alternate director to Doreen Tan Nee Moi

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Best World International Limited (the "Company") and its subsidiary corporations (the "Group") and the statement of changes in equity of the Company for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

In the opinion of the directors,

- (a) the consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Dora Hoan Beng Mui
Doreen Tan Nee Moi
Huang Ban Chin
Lee Sen Choon
Adrian Chan Pengee
Chester Fong Po Wai
Li Lihui
Pek Wei Liang (Bai Weiliang)

Alternate Director to Dora Hoan Beng Mui
Alternate Director to Doreen Tan Nee Moi

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interests in shares or debentures of the Company or its related corporations, except as follows:

| | Holdings registered in name of director | | Holdings in which director is deemed to have an interest | |
|---------------------------------|---|------------|--|-------------|
| | 31.12.2022 | 1.1.2022 | 31.12.2022 | 1.1.2022 |
| The Company | | | | |
| (No. of ordinary shares) | | | | |
| Dora Hoan Beng Mui | 32,330,000 | 32,330,000 | 193,037,500 | 193,037,500 |
| Doreen Tan Nee Moi | 31,380,000 | 31,380,000 | 193,037,500 | 193,037,500 |
| Huang Ban Chin | 23,300,000 | 23,300,000 | - | - |
| Lee Sen Choon | 207,500 | 207,500 | - | - |
| Li Lihui | 250,000 | 250,000 | - | - |

The directors' interests in the ordinary shares of the Company as at 21 January 2023 were the same as those as at 31 December 2022.

Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under options at the end of the financial year.

Audit committee

The members of the Audit Committee ("AC") at the date of this statement are:

Lee Sen Choon (Chairman of Audit Committee and Lead Independent Director)
Adrian Chan Pengee
Chester Fong Po Wai

The AC carried out its functions in accordance with Section 201B(5) of the Companies Act 1967, including the following:

- Reviewed the audit plans of the internal and independent auditors of the Group and the Company;
- Reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the independent and internal auditors;
- Reviewed the effectiveness of the Group's and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Reviewed the quarterly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Met with the independent auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed the legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and independence and objectivity of the independent auditor;
- Reviewed the nature and extent of non-audit services provided by the independent auditor if any;
- Recommended to the board of directors, the independent auditor to be nominated, approved the compensation of the independent auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Manual.

The AC convened four meetings during the financial year. The AC has also met with internal and independent auditors, without the presence of the Company's management, at least once a year.

The AC noted there was no non-audit services provided by independent auditor.

The AC has also conducted a review of interest party transactions.

Audit committee (cont'd)

The AC has recommended to the Board of Directors that the independent auditor, CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation), be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation), has expressed its willingness to accept re-appointment.

On behalf of the directors



Dora Hoan Beng Mui
Director



Doreen Tan Nee Moi
Director

29 March 2023

Independent Auditor's Report to the Members of Best World International Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Best World International Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2022, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Business model in China

Due to potential risks of violating the Direct Selling and Chuan Xiao Laws in China under the Group's previous business model, the Group has made changes on its business process under the Franchise Model progressively since June 2018. Based on legal opinions obtained in previous financial years, it has been concluded that the risk of violating laws and regulations in China is now remote under the Group's

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

(a) Business model in China (cont'd)

Franchise Model. However, the Group continues to place a significant focus on this area as laws and regulations in China may change, and it is essential for the Group to remain compliant with all laws and regulations. Therefore, the Group has engaged a reputable legal firm to review its business process under the Franchise Model for the financial year ended 31 December 2022 and to provide a legal opinion on its compliance with current laws and regulations in China.

We focused on this area as a key audit matter due to non-compliance with laws and regulations could potentially impact the Group's financial performance and bring on legal liabilities.

How our audit addressed this key audit matter

In obtaining sufficient audit evidence, we have performed the following procedures:

- Discussed and obtained an understanding on the business model in China and performed walkthrough of the business process by verifying to relevant supporting documents;
- Obtained and reviewed the independent legal opinions obtained by the management;
- Performed independent search on legal and compliance issues relating to the Group operation in China via the TianYanCha platform. TianYanCha is a credit investigation institution established in accordance with laws and regulations and approved by government in China. It provides company background, shareholder information and relationship, industrial and commercial information, litigation related information, and etc;
- Assessed provisions to be recognised in accordance with SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*, if any; and
- Considered the adequacy of the disclosures in the financial statements.

(b) Revenue recognition

[Refer to Notes 2.2 and 4 to the financial statements]

Revenue is recognised at an amount that reflects the consideration in the contracts to which the Group expected to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties, and when the Group satisfies a performance obligation by transferring a promised goods or services to the customer, which is when the customer obtains control of the goods or services at a point in time.

The Group primarily derives revenue from the direct selling and franchise segment, mainly from the operations in Singapore, China and Taiwan. During the financial year ended 31 December 2022, the Group's total revenue amounted to S\$557,348,000, of which, S\$292,062,000 (approximately 52%) was contributed by operations in China.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

(b) Revenue recognition (cont'd)

[Refer to Notes 2.2 and 4 to the financial statements]

We focused on this area as a key audit matter due to a presumed fraud risk with regards to the revenue recognition and there was a history of goods being recorded as sold during the financial year even though the goods were not delivered before the financial year end in China's operation.

How our audit addressed this key audit matter

In obtaining sufficient audit evidence, we have performed the following procedures:

- Discussed with management on the key internal controls and processes over the revenue cycles and performed walkthrough tests;
- Tested the key internal controls to ascertain the effectiveness of these controls in place over the revenue cycles;
- Evaluated management's assessment on the application of SFRS(I) 15 *Revenue from Contracts with Customers*, in particular, the five-step model for each revenue stream;
- Performed tests of detail, including cut-off procedures, as at the financial year end to ascertain whether revenue is recorded in the appropriate accounting period;
- Reviewed credit notes issued subsequent to the financial year end to ascertain that revenue are appropriately recognised for the current financial year; and
- Considered the adequacy of the disclosures in the financial statements.

Specifically, in obtaining sufficient audit evidence on the occurrence of sales from China operations, we have performed the following procedures:

- Traced the orders placed by franchisees to the warehouse packing list and third-party delivery tracking list to ascertain the delivery of goods;
- Attended and observed the year-end stocktake observation and performed roll-back procedures to 31 December 2022;
- Obtained confirmation on the list of inventories stored at the third-party warehouse, as well as the list of goods being segregated for delivery at their respective cut-off periods;
- Obtained confirmations from the franchisees on the sales transactions during the financial year; and
- Verified to supporting documents to ascertain
 - Customer's acknowledgement of receipt of goods;
 - The timing of goods delivered by the third-party logistic provider with the customers;
 - Timing of recognition of revenue; and
 - The receipts of payments made by customers can be traced to bank statements.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

- (c) Valuation of put and call option
[Refer to Notes 19 and 26 to the financial statements]

On 3 April 2020, the Group has through its wholly-owned subsidiary corporation, MDUK Investments Pte. Ltd ("MDUK"), entered into a sales and purchase agreement, to acquire 579 ordinary shares, representing 49.9% equity interest, in Pedal Pulses Ltd. As part of the acquisition, MDUK entered into a put and call option agreement with the owners of Pedal Pulses Ltd.

As at 31 December 2022, fair value of the put and call option of the Group amounted to S\$11,401,000 and S\$1,985,000 respectively. Fair value adjustments of S\$2,335,000 have been recognised in the profit or loss for the financial year ended 31 December 2022.

The Group has appointed an independent professional valuer (the "Valuer") to assist in assessing the fair value of the put and call option.

We focused on this area as a key audit matter as the valuation process is inherently subjective and involves significant judgements in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied.

How our audit addressed this key audit matter

In obtaining sufficient audit evidence, we have performed the following procedures:

- Assessed the independence and competency of the Valuer, including the Valuer's professional qualifications and experience;
- Together with our internal valuation specialists, reviewed and assessed the appropriateness of the valuation methodologies and reasonableness of the assumptions used by the management and Valuer; and
- Considered the adequacy of the disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Lee Look Ling.

CLA Global TS Public Accounting Corporation
(Formerly Nexia TS Public Accounting Corporation)
Public Accountants and Chartered Accountants

Singapore
29 March 2023

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2022

| | Note | 2022 S\$'000 | 2021 S\$'000 |
|---|------|-----------------|-----------------|
| Revenue | 4 | 557,348 | 580,036 |
| Cost of sales | | (114,490) | (124,977) |
| Gross profit | | 442,858 | 455,059 |
| Other income | | | |
| - Interest income – bank deposits | | 6,296 | 4,559 |
| - Others | 5 | 7,762 | 8,794 |
| Other (losses)/gains | | | |
| - Write-back/(allowance) for expected credit losses: | | | |
| - trade receivables | 21 | 16 | 11 |
| - other receivables | 21 | (12) | - |
| - Others | 6 | (29,511) | 7,751 |
| Expenses | | | |
| - Distribution | | (143,740) | (173,701) |
| - Administrative | | (94,894) | (90,190) |
| - Finance | 8 | (507) | (420) |
| Share of profit of a joint venture | 17 | 694 | 646 |
| Share of loss of an associate | 18 | (299) | (183) |
| Profit before income tax | | 188,663 | 212,326 |
| Income tax expense | 10 | (52,404) | (58,373) |
| Net profit | | 136,259 | 153,953 |
| Other comprehensive income/(loss): | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| - Currency translation (loss)/gain arising from consolidation, representing other comprehensive (loss)/income, net of tax | | (10,081) | 7,608 |
| Total comprehensive income | | 126,178 | 161,561 |
| Net profit attributable to: | | | |
| Equity holders of the Company | | 136,259 | 153,694 |
| Non-controlling interests | | - | 259 |
| | | 136,259 | 153,953 |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | | 126,045 | 161,641 |
| Non-controlling interests | | 133 | (80) |
| | | 126,178 | 161,561 |
| Earnings per share for net profit attributable to equity holders of the Company (S\$ cents per share) | | | |
| Basic and diluted earnings per share | 11 | 28.82 | 28.25 |

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2022

| | Note | Group | | Company | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 12 | 73,100 | 63,714 | 2,084 | 2,347 |
| Investment property | 13 | 1,073 | 1,091 | - | - |
| Other intangible asset | 14 | 7,629 | 7,871 | - | - |
| Intangible assets | 15 | 1,054 | 1,149 | 55 | 51 |
| Right-of-use assets | 25 | 21,498 | 14,988 | 8,803 | 2,493 |
| Investments in subsidiary corporations | 16 | - | - | 127,261 | 104,803 |
| Investment in a joint venture | 17 | 25,600 | 38,335 | - | - |
| Investment in an associate | 18 | 4,691 | 4,990 | - | - |
| Deferred tax assets | 10 | 11,461 | 22,144 | - | - |
| Other financial assets | 19 | 1,985 | 5,931 | - | 269 |
| | | 148,091 | 160,213 | 138,203 | 109,963 |
| Current assets | | | | | |
| Inventories | 20 | 53,290 | 88,281 | 22,157 | 26,902 |
| Trade and other receivables | 21 | 11,270 | 6,308 | 27,366 | 19,724 |
| Other assets | 22 | 28,888 | 20,657 | 15,452 | 10,073 |
| Other financial assets | 19 | 13,716 | 14,469 | 13,716 | 14,469 |
| Cash and cash equivalents | 23 | 484,831 | 474,828 | 270,046 | 298,149 |
| | | 591,995 | 604,543 | 348,737 | 369,317 |
| Total assets | | 740,086 | 764,756 | 486,940 | 479,280 |

As at 31 December 2022

| | Note | Group | | Company | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 24 | 151,390 | 148,848 | 48,288 | 58,798 |
| Contract liabilities | 4 | 7,171 | 1,686 | - | - |
| Lease liabilities | 25 | 5,154 | 3,746 | 2,142 | 1,367 |
| Other financial liabilities | 26 | 43 | - | 43 | - |
| Provisions | 27 | 34,896 | 36,862 | 882 | 1,082 |
| Income tax payable | 10 | 19,974 | 26,408 | 1,881 | 9,959 |
| | | 218,628 | 217,550 | 53,236 | 71,206 |
| Non-current liabilities | | | | | |
| Provisions | 27 | 1,111 | - | 484 | - |
| Deferred tax liabilities | 10 | 9,798 | 12,346 | 179 | 6,125 |
| Lease liabilities | 25 | 15,502 | 10,316 | 6,230 | 1,021 |
| Other financial liabilities | 26 | 11,401 | 18,796 | - | - |
| | | 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 | | | | | |
| Capital and reserve attributable to equity holders of the Company | | | | | |
| Share capital | 28 | 20,618 | 20,618 | 20,618 | 20,618 |
| Treasury shares | 28 | (18,275) | (10,591) | (18,275) | (10,591) |
| Retained earnings | | 452,231 | 460,852 | 424,146 | 390,579 |
| Other reserves | 29 | 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 |

Statements of Changes in Equity

For the financial year ended 31 December 2022

| | Note | Attributable to equity holders of the Company | | | | | | | Non-controlling interests S\$'000 | Total equity S\$'000 |
|--|-------|---|----------------------------|---|------------------------------|---------------------------|-------------------------------|------------------|--------------------------------------|-------------------------|
| | | Share capital S\$'000 | Treasury shares S\$'000 | Currency translation reserve S\$'000 | Statutory reserve S\$'000 | Other reserves S\$'000 | Retained earnings* S\$'000 | Total S\$'000 | | |
| Group 2022 | | | | | | | | | | |
| Balance at 1 January 2022 | | 20,618 | (10,591) | 8,051 | 30,258 | (787) | 460,852 | 508,401 | (2,653) | 505,748 |
| Profit for the financial year | | - | - | - | - | - | 136,259 | 136,259 | - | 136,259 |
| Other comprehensive income/(loss) for the financial year | | - | - | (10,214) | - | - | - | (10,214) | 133 | (10,081) |
| Total comprehensive income for the financial year | | - | - | (10,214) | - | - | 136,259 | 126,045 | 133 | 126,178 |
| Off-market access share buyback | 28(a) | - | - | - | - | - | (140,596) | (140,596) | - | (140,596) |
| Share buyback – held as treasury shares | 28(b) | - | (7,684) | - | - | - | - | (7,684) | - | (7,684) |
| Transfer to statutory reserve | 29 | - | - | 1,158 | 3,126 | - | (4,284) | - | - | - |
| Balance at 31 December 2022 | | 20,618 | (18,275) | (1,005) | 33,384 | (787) | 452,231 | 486,166 | (2,520) | 483,646 |
| Group 2021 | | | | | | | | | | |
| Balance at 1 January 2021 | | 20,618 | (10,591) | 104 | 22,606 | (787) | 314,810 | 346,760 | (2,573) | 344,187 |
| Profit for the financial year | | - | - | - | - | - | 153,694 | 153,694 | 259 | 153,953 |
| Other comprehensive income/(loss) for the financial year | | - | - | 7,947 | - | - | - | 7,947 | (339) | 7,608 |
| Total comprehensive income for the financial year | | - | - | 7,947 | - | - | 153,694 | 161,641 | (80) | 161,561 |
| Transfer to statutory reserve | 29 | - | - | - | 7,652 | - | (7,652) | - | - | - |
| Balance at 31 December 2021 | | 20,618 | (10,591) | 8,051 | 30,258 | (787) | 460,852 | 508,401 | (2,653) | 505,748 |

| | Note | Attributable to equity holders of the Company | | | | Other reserves S\$'000 | Total equity S\$'000 |
|---|-------|---|----------------------------|-------------------------------|-----|---------------------------|-------------------------|
| | | Share capital S\$'000 | Treasury shares S\$'000 | Retained earnings* S\$'000 | | | |
| Company | | | | | | | |
| Balance at 1 January 2022 | | 20,618 | (10,591) | 390,579 | 322 | 400,928 | |
| Total comprehensive income for the financial year | | - | - | 174,163 | - | 174,163 | |
| Off-market access share buyback | 28(a) | - | - | (140,596) | - | (140,596) | |
| Share buyback – held as treasury shares | 28(b) | - | (7,684) | - | - | (7,684) | |
| Balance at 31 December 2022 | | 20,618 | (18,275) | 424,146 | 322 | 426,811 | |
| Balance at 1 January 2021 | | 20,618 | (10,591) | 320,615 | 322 | 330,964 | |
| Total comprehensive income for the financial year | | - | - | 69,964 | - | 69,964 | |
| Balance at 31 December 2021 | | 20,618 | (10,591) | 390,579 | 322 | 400,928 | |

* Retained earnings of the Group and the Company are fully distributable.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2022

| | Note | 2022 S\$'000 | 2021 S\$'000 |
|---|------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Profit before income tax | | 188,663 | 212,326 |
| Adjustments for: | | | |
| - Interest income | | (6,296) | (4,559) |
| - Interest expenses | 8 | 507 | 420 |
| - Depreciation of property, plant and equipment | 9 | 4,803 | 2,061 |
| - Depreciation of right-of-use assets | 9 | 5,430 | 4,543 |
| - Depreciation of investment property | 9 | 18 | 18 |
| - Amortisation of other intangible asset | 9 | 242 | 231 |
| - Amortisation of intangible assets | 9 | 83 | 88 |
| - (Gain)/loss on disposal of property, plant and equipment | 6 | (422) | 40 |
| - Overprovision of restoration costs | 6 | - | (224) |
| - Write-back for expected credit losses on trade receivables | 21 | (16) | (11) |
| - Allowance for expected credit loss on other receivables | 21 | 12 | - |
| - Fair value gain in foreign exchange derivative | 6 | - | (800) |
| - Fair value loss in forward contract | 6 | 43 | - |
| - Loss on disposal of other financial assets | 6 | 26 | 162 |
| - Fair value loss in other financial assets | 6 | 844 | 90 |
| - Fair value loss/(gain) in call option - Pedal Pulses Ltd. | 6 | 3,288 | (934) |
| - Fair value gain in put option - Pedal Pulses Ltd. | 6 | (5,623) | (15,283) |
| - Gain on termination of lease | 6 | - | (12) |
| - Loss on lease modification | 6 | 2 | - |
| - Inventories written-down, net | 6 | 103 | 947 |
| - Impairment loss in investment in a joint venture | 6 | 12,692 | 10,349 |
| - Share of profit of a joint venture | 17 | (694) | (646) |
| - Share of loss of an associate | 18 | 299 | 183 |
| - Unrealised foreign exchange losses | | 5,044 | 9,516 |
| Operating cash flows before changes in working capital | | 209,048 | 218,505 |
| Change in working capital | | | |
| - Inventories | | 34,888 | 13,559 |
| - Trade and other receivables | | (5,027) | (194) |
| - Other assets | | (8,231) | (5,375) |
| - Trade and other payables | | 1,616 | 5,197 |
| - Provisions | | (1,742) | 12,374 |
| - Contract liabilities | | 5,485 | (5,820) |
| Cash flows generated from operations | | 236,037 | 238,246 |
| Income tax paid | | (52,791) | (62,397) |
| Net cash provided by operating activities | | 183,246 | 175,849 |

For the financial year ended 31 December 2022

| | Note | 2022 S\$'000 | 2021 S\$'000 |
|---|------|-----------------|-----------------|
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 12 | (14,683) | (34,421) |
| Proceeds from disposal of property, plant and equipment | | 837 | 172 |
| Purchase of intangible assets | 15 | (23) | (40) |
| Purchase of other intangible assets | 14 | - | (358) |
| Purchase of other financial assets | 19 | (148) | (1,370) |
| Proceeds from disposal of other financial assets | 19 | 245 | 108 |
| Dividend received | 17 | 737 | 920 |
| Interest received | | 6,296 | 4,559 |
| Net cash used in investing activities | | (6,739) | (30,430) |
| Cash flows from financing activities | | | |
| Off-market equal access share buyback | 28 | (140,596) | - |
| Purchase of treasury shares | 28 | (7,684) | - |
| Payment of lease liabilities | 25 | (4,982) | (4,800) |
| Increase in cash restricted in use | | (458) | (1,313) |
| Net cash used in financing activities | | (153,720) | (6,113) |
| Net increase in cash and cash equivalents | | 22,787 | 139,306 |
| Effects of foreign exchange rate changes on cash and cash equivalents | | (13,242) | 177 |
| Beginning of financial year | | 467,844 | 328,361 |
| End of financial year | 23 | 477,389 | 467,844 |

Notes to the Financial Statements

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General 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. The principal activities of the subsidiary corporations are disclosed in Note 16 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3 to the financial statements.

Interpretations and amendments to published standards effective in 2022

On 1 January 2022, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

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

2. Significant accounting policies (cont’d)

2.2 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation is satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Direct selling

The Group sold their products (except for products sold under the “Aurigen” brand) through an international network of independent active distributors across Taiwan, Singapore, Malaysia, and other markets such as Thailand, Indonesia, Vietnam, Hong Kong, Korea, Philippines, Australia, United States and the United Arab Emirates.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the estimated transaction price, which comprise the contractual price, net of certain commissions payable to the customer. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

(b) Export sales

The Group export its products (except for products sold under the “Aurigen” brand) at export price to its import agents in Myanmar for onward distribution within such jurisdiction.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract.

(c) Franchise sales

The Group sold their products (except for products sold under the “Aurigen” brand) through franchisees who are independent third-party that operates BWL Lifestyle Centers in China. These franchisees purchase products from the Group and exclusively on-sell the Group’s products to consumers and sales representatives.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

2. Significant accounting policies (cont'd)

2.2 Revenue (cont'd)

(c) Franchise sales (cont'd)

The amount of revenue recognised is based on the contractual transaction price, which comprise the contractual price, net of sales related expenses payable to the customer. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

(d) Manufacturing/wholesale

The Group manufactures its "Aurigen" line of healthy supplements in the manufacturing facility in China and distributes these supplements through wholesalers who then on-sell such products to retail stores across China.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract.

(e) Consideration payable to a customer

The Group pays commission and sales related expenses to the customers for their purchase of the Group's products when they achieve certain minimum purchase and maintenance requirements under the respective compensation plans, as applicable. These considerations paid to customers are recorded as a reduction in transaction price and, therefore, of revenue unless the payment to the customer is in exchange of a distinct good or service that the customer transfers to the entity. To the extent that the customer purchases the products for their own personal use, such commission and sales related expense given to them are presented as a reduction of the transaction price.

If the payment is for distinct services received from the customer, the Group accounts for any excess of such consideration payable to the customer over the fair value of the distinct services as a reduction of the transaction price. In addition, if the Group cannot reasonably estimate the fair value of the goods or services received from the customer, it accounts for all the consideration payable to the customer as a reduction of the transaction price.

The Group recognises the reduction of revenue when it recognises revenue for the transfer of the related goods or services to the customer.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

2. Significant accounting policies (cont'd)

2.3 Government grants (cont'd)

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the assets transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets which are attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisition

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition - related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

2. Significant accounting policies (cont'd)

2.4 Group accounting (cont'd)

(a) Subsidiary corporations (cont'd)

(ii) Acquisition (cont'd)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree at the date of the acquisition either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to paragraph "Intangible assets – Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

(iii) Disposal

When a change in the Group's ownership interest in a subsidiary corporation result in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specified Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, joint ventures and associate" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associate and joint ventures

Associate is entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements and rights to the net assets of the entities.

2. Significant accounting policies (cont'd)

2.4 Group accounting (cont'd)

(c) Associate and joint ventures (cont'd)

Investments in associate and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associate and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associate and joint ventures represents the excess of the cost of the acquisition of the associate or joint venture over the Group's share of the fair value of the identifiable net assets of the associate or joint venture and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associate's and joint ventures' post-acquisition profits or losses of the investees' profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from associate or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associate and a joint venture equals to or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associate or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associate and joint ventures are eliminated to the extent of the Group's interest in the associate or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associate and joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposal

Investments in associate and joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associate or joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained equity interest at the date when significant influence or joint control is lost and its fair value and any proceeds on partial disposal is recognised in profit or loss.

2. Significant accounting policies (cont'd)

2.4 Group accounting (cont'd)

(c) Associate and joint ventures (cont'd)

Please refer to the paragraph "Investments in subsidiary corporations, joint ventures and associate" for the accounting policy on investments in associate and joint ventures in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs of a self-constructed asset include material costs, labour costs and other direct costs used in the construction of the asset. Other costs such as start-up costs, administration and other general overhead costs, advertising and training costs are excluded and recognised as an expense when incurred.

(b) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | Useful lives |
|---------------------|----------------|
| Leasehold buildings | 50 to 77 years |
| Plant and equipment | 3 to 15 years |

Freehold land has unlimited useful life and therefore is not depreciated.

'Construction in progress' and 'Plant and equipment in progress' included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

2. Significant accounting policies (cont'd)

2.5 Property, plant and equipment (cont'd)

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other losses".

2.6 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of joint ventures and associates represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary corporations, joint ventures and associates include the carrying amount of goodwill relating to the entity sold.

(b) Acquired trademarks and licences

Trademarks and licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is computed on the straight-line basis over the estimated useful lives of the intangible assets as follows:

| | Useful lives |
|------------------------|----------------|
| Licenses | 10 to 25 years |
| Trademarks | 5 to 10 years |
| Customer relationship | 5 years |
| Other intangible asset | 38 years |

2. Significant accounting policies (cont'd)

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.8 Investment property

Investment property is a property that is owned by the Group that is held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment property comprises completed investment property and property that is being constructed or developed for future use as investment property. Property held under operating lease is classified as investment property when the definition of an investment property is met.

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less any accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the lease term of 75 years.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.9 Investments in subsidiary corporations, joint ventures and associate

Investments in subsidiary corporations, joint ventures and associate are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. Significant accounting policies (cont'd)

2.10 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as intangible assets are tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets

Property, plant and equipment

Right-of-use assets

Investments in subsidiary corporations, joint ventures and associate

Other non-financial assets

Intangible assets, property, plant and equipment, right-of-use assets, investments in subsidiary corporations, joint ventures and associate and other non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purposes of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in profit or loss.

2. Significant accounting policies (cont'd)

2.10 Impairment of non-financial assets (cont'd)

- (b) *Intangible assets (cont'd)*
- Property, plant and equipment (cont'd)*
- Right-of-use assets (cont'd)*
- Investments in subsidiary corporations, joint ventures and associate (cont'd)*
- Other non-financial assets (cont'd)*

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.11 Financial assets

- (a) *Classification and measurement*

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not a fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. Significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

- (a) *Classification and measurement (cont'd)*

At subsequent measurement

- (i) *Debt instrument*

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are two subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income and expenses".

- (ii) *Equity investments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. Dividends from equity investments are recognised in profit or loss as "dividend income".

- (b) *Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2. Significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (cont'd)

2.14 Leases

(i) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For a contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone prices of the lease and non-lease components. The Group has elected to not separate lease and non-lease components for property leases and account these as one single lease component.

2. Significant accounting policies (cont'd)

2.14 Leases (cont'd)

(i) *When the Group is the lessee: (cont'd)*

Lease liabilities (cont'd)

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

(ii) *When the Group is the lessor:*

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and packaging materials: purchase costs on a weighted average cost basis.

2. Significant accounting policies (cont'd)

2.15 Inventories (cont'd)

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, joint ventures and associate, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment properties measured at fair value are presumed to be recovered entirely through sale.

2. Significant accounting policies (cont'd)

2.16 Income taxes (cont'd)

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operation losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

The subsidiary corporations incorporated in the People's Republic of China ("PRC") are required to provide certain staff pension benefits to their employees under existing PRC legislation. Pension contributions are provided at rates stipulated by PRC legislation and are contributed to a pension fund managed by government agencies, which are responsible for paying pensions to the PRC subsidiary corporations' retired employees.

The subsidiary corporation incorporated in Taiwan is required to make mandatory pension contributions for employees under existing Taiwan legislation. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.19 Currency translation

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. Significant accounting policies (cont'd)

2.19 Currency translation (cont'd)

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company and all values have been rounded to the nearest thousand ("S\$'000") unless otherwise stated.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies qualifying as net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented within "other losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all of the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

2. Significant accounting policies (cont'd)

2.19 Currency translation (cont'd)

(c) Translation of Group entities' financial statements (cont'd)

- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are translated at the closing rates at the reporting date.

2.20 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to these segments and to assess these segments' performances. Additional disclosures on each of these segments are shown in Note 33 to the financial statements, including factors used to identify the reportable segments and the measurement basis of segment information.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts (if any) are presented as current borrowings on the statements of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.22 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

2. Significant accounting policies (cont'd)

2.22 Share capital and treasury shares (cont'd)

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

(a) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes. The PRC subsidiary corporations make tax submissions and obtain clearances from the local tax authorities in accordance with local practices. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax liabilities and deferred tax assets at the end of the reporting period was S\$19,974,000 (2021: S\$26,408,000), S\$9,798,000 (2021: S\$12,346,000) and S\$11,461,000 (2021: S\$22,144,000) respectively are disclosed in Note 10 to the financial statements.

(b) Expected credit losses ("ECL") on trade receivables

Expected credit losses ("ECL") on trade receivables is probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group measured the loss allowance for trade receivables at an amount equal to lifetime ECL using a provision matrix. A considerable amount of judgement is required in assessing the ECL which are determined by referencing to the Group's historical observed default rates, customer's ability to pay and adjusted with forward-looking information. At every reporting date, the historical observed default rates will be updated and changes in the forward-looking estimates will be analysed. The information about the ECL on the Group's trade receivables is disclosed in Note 32(b) to the financial statements. The Group also evaluates the ECL on customers in financial difficulty separately. Based on management's evaluation, no loss allowance for trade receivables is recognised for the financial years ended 31 December 2022.

The carrying amounts of trade receivables is disclosed in Note 21 to the financial statements.

3. Critical accounting estimates, assumptions and judgements (cont'd)

(c) Fair value measurement of put and call option - Pedal Pulses Ltd.

The put and call option derivatives arise from the acquired joint venture as disclosed in Note 17 to the financial statements and are measured at fair value as at the end of the reporting period.

Call option

As at the end of the reporting period, the fair value of the call option has been determined by management, assisted by its external valuer, and is considered as level 3 recurring fair value measurements. The significant judgement and assumptions to the valuation include expected risk-free rate, spread and volatility rate. Significant assumptions were made by the management in estimating the probability of the option being exercised as at the end of the reporting period. The carrying value of the call option as at 31 December 2022 is S\$1,985,000 (2021: S\$5,662,000).

Put option

As at the end of the reporting period, the fair value of the put option derivative has been determined by management, assisted by its external valuer, and is considered as level 3 recurring fair value measurements. The significant judgement and assumptions to the valuation include expected volatility rate and risk-free rate. Significant assumptions were made by the management in estimating the probability of the option being exercised as at the end of the reporting period. The carrying value of the put option as at 31 December 2022 is S\$11,401,000 (2021: S\$18,796,000).

(d) Valuation of inventories

A review is made periodically on inventory for obsolete and excess inventory and declines in net realisable value below cost and an allowance is recorded against the carrying amount of inventories for any such obsolescence, excess and declines. The determination of inventories write down to net realisable value requires management to exercise judgement in identifying end-of-life or slow-moving inventories and make estimates of write down required. Such estimation is made after taking into consideration factors such as future demands and anticipated selling prices. As at 31 December 2022, there was S\$103,000 (2021: S\$947,000) net inventories written-down. The carrying amount of inventories at the reporting date is disclosed in Note 20 to the financial statements.

4. Revenue

Disaggregation of revenue

| | Group | |
|-------------------------------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Primary geographical markets | | |
| Taiwan | 143,248 | 162,906 |
| Singapore | 40,793 | 44,404 |
| People's Republic of China | 292,062 | 287,013 |
| Malaysia | 28,095 | 38,154 |
| Others | 53,150 | 47,559 |
| | 557,348 | 580,036 |
| Major operating segments | | |
| Direct selling | 265,084 | 292,849 |
| Franchise | 291,562 | 286,074 |
| Others | 702 | 1,113 |
| | 557,348 | 580,036 |

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

Contract liabilities

| | Group | |
|----------------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Contract liabilities | 7,171 | 1,686 |

Contract liabilities mainly relate to advances received from customers for which goods had not been delivered as at the respective financial year end.

Revenue recognised that was included in the contract liabilities balance at the beginning of the financial year was S\$1,686,000 (2021: S\$7,506,000).

5. Other income - Others

| | Group | |
|--|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Government grants | 6,963 | 7,737 |
| Rental income from investment property (Note 13) | 124 | 114 |
| Miscellaneous income | 675 | 943 |
| | 7,762 | 8,794 |

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. The Group's government grant income mainly relates to Job Growth Incentive and Jobs Support Scheme given out by the Singapore government and a government grant to one of our China subsidiary corporations to help companies during the period of economic uncertainty.

6. Other (losses)/gains – Others

| | Note | Group | |
|--|------|-----------------|-----------------|
| | | 2022 S\$'000 | 2021 S\$'000 |
| Fair value (losses)/gains | | | |
| - Other financial assets | 19 | (844) | (90) |
| - Call option - Pedal Pulses Ltd. | 19 | (3,288) | 934 |
| - Put option - Pedal Pulses Ltd. | 26 | 5,623 | 15,283 |
| - Foreign exchange derivatives | 26 | - | 800 |
| - Forward contract | 26 | (43) | - |
| | | 1,448 | 16,927 |
| Foreign exchange (losses)/gains, net | | (18,558) | 2,086 |
| Gain/(loss) on disposal of property, plant and equipment | | 422 | (40) |
| Gain on termination of lease | 25 | - | 12 |
| Impairment loss on investment in a joint venture | 17 | (12,692) | (10,349) |
| Inventories written-down, net | 20 | (103) | (947) |
| Loss on disposal of other financial assets | 19 | (26) | (162) |
| Loss on lease modification | 25 | (2) | - |
| Overprovision of restoration costs | 27 | - | 224 |
| | | (29,511) | 7,751 |

7. Distribution costs and administrative expenses

| | Note | Group | |
|---|------|-----------------|-----------------|
| | | 2022 S\$'000 | 2021 S\$'000 |
| Included in distribution costs | | | |
| - Convention expenses | | 24,138 | 37,259 |
| - Commission expenses | | 90,821 | 101,744 |
| - Franchise sales related expenses | | 12,577 | 14,524 |
| - Employee benefit expenses | | 355 | 404 |
| Included in administrative expenses | | | |
| - Employee benefit expenses (including Directors' remuneration) | | 71,400 | 74,590 |
| - Amortisation of intangible assets | 15 | 83 | 88 |
| - Amortisation of other intangible asset | 14 | 242 | 231 |
| - Operating lease expense relating to short-term leases | 25 | 85 | 110 |

Convention expenses

Convention expenses relate to event expenses, accommodations, travelling expenses and related tour expenses incurred to hold the annual convention event organised by the Group.

Commission expenses

Commission expenses are commissions paid to Direct Selling Members for their sale of the Group's products. Direct Selling Members are rewarded based on their efforts in developing the membership networks, ensuring Direct Selling Members within their networks remain active, and recognising the purchases made by those in their membership network. Commission expenses do not include amounts the Group pay to Direct Selling Members based on their personal purchase; rather, such amounts are reflected as reductions to revenue.

Franchise sales related expenses

Franchise sales related expenses relates to marketing, handling fees and other services as required by the Group.

8. Finance costs

| | Note | Group | |
|---------------------|------|-----------------|-----------------|
| | | 2022 S\$'000 | 2021 S\$'000 |
| Interest expense | | | |
| - Lease liabilities | 25 | 507 | 420 |

9. Profit before income tax

Profit before income tax is arrived at after charging/(crediting) the following:

| | Note | Group | |
|--|------|-----------------|-----------------|
| | | 2022 S\$'000 | 2021 S\$'000 |
| Audit fees paid/payable to: | | | |
| - Auditor of the Company | | 416 | 485 |
| - Other auditors | | 202 | 207 |
| Professional fees | | | |
| - Current financial year | | 1,073 | 2,633 |
| - Prior financial year | | - | (3,000) |
| Directors' fees | | 245 | 242 |
| Employee benefits expenses (including directors): | | | |
| - Salaries, bonuses and allowances (included in distribution cost) | | 291 | 304 |
| - Salaries, bonuses and allowances (including directors' remuneration) | | 69,341 | 72,659 |
| - Employer's contribution to defined contribution plan | | 2,123 | 2,031 |
| | | 71,755 | 74,994 |
| Amortisation of other intangible asset | 14 | 242 | 231 |
| Amortisation of intangible assets | 15 | 83 | 88 |
| Depreciation of property, plant and equipment | 12 | 4,803 | 2,061 |
| Depreciation of investment property | 13 | 18 | 18 |
| Depreciation of right-of-use assets | 25 | 5,430 | 4,543 |

10. Income tax expense

(a) *Income tax expense*

| | Note | Group | |
|---|-------|-----------------|-----------------|
| | | 2022 S\$'000 | 2021 S\$'000 |
| Current income tax: | | | |
| - Current income taxation | | 37,485 | 42,996 |
| - (Over)/Under provision in prior financial years | | (4,125) | 1,573 |
| | | 33,360 | 44,569 |
| Deferred income tax: | | | |
| - Origination and reversal of temporary differences | 10(b) | 8,135 | 9,042 |
| Withholding tax | | 10,909 | 4,762 |
| | | 52,404 | 58,373 |

10. Income tax expense (cont'd)

(a) *Income tax expense (cont'd)*

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

| | Group | |
|---|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Profit before income tax | 188,663 | 212,326 |
| Share of profit of a joint venture | (694) | (646) |
| Share of loss of an associate | 299 | 183 |
| Profit before income tax and share of (profit)/loss of a joint venture and an associate | 188,268 | 211,863 |
| Tax calculated at tax rate of 17% | 32,006 | 36,017 |
| Adjustments: | | |
| - Effect of different tax rates in other countries | 13,372 | 5,639 |
| - Income not subject to tax | (15,031) | (2,775) |
| - Expenses not deductible for tax purposes | 22,160 | 10,171 |
| - Tax concession, rebates and exemptions | (338) | (151) |
| - Deferred tax assets not recognised | 243 | 417 |
| - (Over)/Under provision in prior financial years | (4,125) | 1,573 |
| - Deferred tax relating to undistributed earnings of subsidiary corporations | (6,792) | 2,510 |
| - Withholding tax | 10,909 | 4,762 |
| - Others | - | 210 |
| | 52,404 | 58,373 |

10. Income tax expense (cont'd)

(b) Deferred tax assets/(liabilities)

| | Group | | | | Company | |
|---|--|-----------------|--|-----------------|---------------------------------|-----------------|
| | Consolidated statement of financial position | | Consolidated statement of profit or loss | | Statement of financial position | |
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Deferred tax liabilities | | | | | | |
| Excess of net book value of property, plant and equipment over tax values | (4,145) | (193) | 3,952 | (55) | (145) | (193) |
| Undistributed earnings of subsidiary corporations | (3,713) | (10,505) | (6,792) | 2,510 | - | (6,159) |
| Unremitted interest income | (239) | (141) | 98 | 44 | (239) | (141) |
| Provisions | 278 | 241 | (37) | 5 | 278 | 238 |
| Leases | (1,979) | (1,721) | 258 | 1,674 | (73) | (18) |
| Others | - | (27) | (27) | (130) | - | 148 |
| | (9,798) | (12,346) | | | (179) | (6,125) |
| Deferred tax assets | | | | | | |
| Provisions | - | 1,308 | 1,308 | (26) | - | - |
| Unrealised profits on inventories arising from intra-group sale | 8,913 | 19,105 | 10,192 | 6,563 | - | - |
| Others | 2,548 | 1,731 | (817) | (1,543) | - | - |
| | 11,461 | 22,144 | 8,135 | 9,042 | - | - |

(c) Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately S\$13,342,000 (2021: S\$11,913,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate in.

10. Income tax expense (cont'd)

(c) Unrecognised tax losses (cont'd)

These tax losses have no expiry date except for an amount of S\$10,964,000 (2021: S\$9,535,000) which will expire in the next 5 to 15 years as follows:

| | Group | |
|------------------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Can be utilised up to: | | |
| 2022 | - | 326 |
| 2023 | 786 | 786 |
| 2024 | 1,840 | 2,388 |
| 2025 | 475 | 475 |
| 2026 | 597 | 597 |
| After 2026 | 7,266 | 4,963 |
| | 10,964 | 9,535 |

(d) Tax consequences of proposed dividends

For the financial years ended 31 December 2022 and 2021, there are no income tax consequences attached to the dividends to shareholders proposed by the Company and hence no liability has been recognised in the financial statements.

11. Earnings per share

Basic and diluted earnings per share are calculated by dividing the Group's net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

There were no potential dilutive ordinary shares during the financial years ended 31 December 2022 and 2021.

| | Group | |
|---|---------|---------|
| | 2022 | 2021 |
| Net profit attributable to equity holders of the Company (S\$'000) | 136,259 | 153,694 |
| Weighted average number of ordinary shares outstanding for basic and diluted earnings per share* ('000) | 472,798 | 544,100 |
| Basic and diluted earnings per share (S\$ cents per share) | 28.82 | 28.25 |

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the financial year where applicable.

12. Property, plant and equipment

| | Freehold land S\$'000 | Leasehold buildings S\$'000 | Construction in progress S\$'000 | Plant and equipment in progress S\$'000 | Plant and equipment S\$'000 | Total S\$'000 |
|----------------------------------|--------------------------|--------------------------------|-------------------------------------|--|--------------------------------|------------------|
| Group 2022 | | | | | | |
| <i>Cost</i> | | | | | | |
| Beginning of financial year | 50 | 651 | 34,528 | 23,268 | 18,509 | 77,006 |
| Additions | - | - | 5,515 | 4,096 | 5,072 | 14,683 |
| Transfer | | 40,043 | (40,043) | (13,046) | 13,046 | - |
| Disposals | - | (194) | - | - | (2,129) | (2,323) |
| Currency translation differences | - | (36) | - | - | (684) | (720) |
| End of financial year | 50 | 40,464 | - | 14,318 | 33,814 | 88,646 |
| <i>Accumulated depreciation</i> | | | | | | |
| Beginning of financial year | - | 182 | - | - | 13,110 | 13,292 |
| Depreciation charge (Note 9) | - | 1,165 | - | - | 3,638 | 4,803 |
| Disposals | - | - | - | - | (1,908) | (1,908) |
| Currency translation differences | - | (73) | - | - | (568) | (641) |
| End of financial year | - | 1,274 | - | - | 14,272 | 15,546 |
| Net book value | | | | | | |
| End of financial year | 50 | 39,190 | - | 14,318 | 19,542 | 73,100 |
| Group 2021 | | | | | | |
| <i>Cost</i> | | | | | | |
| Beginning of financial year | 51 | 661 | 12,790 | 11,425 | 19,414 | 44,341 |
| Additions | - | - | 21,738 | 11,843 | 840 | 34,421 |
| Disposals | - | - | - | - | (1,925) | (1,925) |
| Currency translation differences | (1) | (10) | - | - | 180 | 169 |
| End of financial year | 50 | 651 | 34,528 | 23,268 | 18,509 | 77,006 |
| <i>Accumulated depreciation</i> | | | | | | |
| Beginning of financial year | - | 174 | - | - | 12,649 | 12,823 |
| Depreciation charge (Note 9) | - | 11 | - | - | 2,050 | 2,061 |
| Disposals | - | - | - | - | (1,713) | (1,713) |
| Currency translation differences | - | (3) | - | - | 124 | 121 |
| End of financial year | - | 182 | - | - | 13,110 | 13,292 |
| Net book value | | | | | | |
| End of financial year | 50 | 469 | 34,528 | 23,268 | 5,399 | 63,714 |

12. Property, plant and equipment (cont'd)

| | Plant and equipment | |
|---------------------------------|---------------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Company | | |
| <i>Cost</i> | | |
| Beginning of financial year | 8,682 | 8,613 |
| Additions | 941 | 290 |
| Disposals | (292) | (221) |
| End of financial year | 9,331 | 8,682 |
| <i>Accumulated depreciation</i> | | |
| Beginning of financial year | 6,335 | 5,307 |
| Depreciation charge | 1,200 | 1,241 |
| Disposals | (288) | (213) |
| End of financial year | 7,247 | 6,335 |
| Net book value | | |
| End of financial year | 2,084 | 2,347 |

The depreciation expense is charged as administrative expenses in profit or loss.

As at 31 December 2022 and 2021, none of the Group's property, plant and equipment were under finance lease arrangements.

13. Investment property

| | Group | |
|-------------------------------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| <i>Cost</i> | | |
| Beginning and end of financial year | 1,400 | 1,400 |
| <i>Accumulated depreciation</i> | | |
| Beginning of financial year | 309 | 291 |
| Depreciation charge (Note 9) | 18 | 18 |
| End of financial year | 327 | 309 |
| Net book value | | |
| End of financial year | 1,073 | 1,091 |

13. Investment property (cont'd)

The following amounts are recognised in profit or loss:

| | Group | |
|---|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Rental income (Note 5) | 124 | 114 |
| Direct operating expenses arising from investment property that generated rental income | (14) | (11) |

Depreciation expense is charged as administrative expenses in profit or loss.

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Details of the investment property held by the Group as at 31 December 2022 and 2021 was as follows:

| Description and location | Existing use | Tenure | Unexpired lease term |
|---|--------------|-----------|----------------------|
| One unit of leasehold property at Block 726 Ang Mo Kio Avenue 6 Singapore 560726 | Shop | Leasehold | 57 years |

Valuation of investment property

The fair value of the investment property was measured as at 31 December 2022 and 2021 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on a valuation made by Savills Valuation and Professional Services (S) Pte. Ltd., a firm of independent professional valuers. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. Details of valuation techniques and inputs used are disclosed in Note 32(e)(iii) to the financial statements.

Property pledged as security

The banking facility was terminated during financial year ended 31 December 2020 and the pledge over the security was discharged during the financial year ended 31 December 2021.

14. Other intangible asset

| | Group | |
|---------------------------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| <i>Cost</i> | | |
| Beginning of financial year | 9,095 | 8,737 |
| Additions | - | 358 |
| End of financial year | 9,095 | 9,095 |
| <i>Accumulated amortisation</i> | | |
| Beginning of financial year | 1,224 | 993 |
| Amortisation charge (Note 9) | 242 | 231 |
| End of financial year | 1,466 | 1,224 |
| Net book value | | |
| End of financial year | 7,629 | 7,871 |

Amortisation expense is charged as administrative expenses in profit or loss.

Other intangible asset relates to the costs paid to the old tenant to buy out the old tenant's remaining lease of one of the leasehold buildings, which was demolished in the financial year ended 31 December 2020, and the right to lease the land for another 30 years from the lessor during the financial year ended 31 December 2016. This intangible asset is amortised over an estimated useful life of 38 years.

The Group had applied the practical expedient of excluding this initial direct cost from the measurement of the right-of-use assets in Note 25 to the financial statements.

15. Intangible assets

| | Goodwill S\$'000 | Licenses S\$'000 | Trademarks S\$'000 | Customer relationship S\$'000 | Total S\$'000 |
|--|---------------------|---------------------|-----------------------|-------------------------------------|------------------|
| Group 2022 | | | | | |
| Cost | | | | | |
| Beginning of financial year | 1,016 | 8,871 | 927 | 740 | 11,554 |
| Additions | - | 11 | 12 | - | 23 |
| Currency translation differences | - | (426) | (1) | - | (427) |
| End of financial year | 1,016 | 8,456 | 938 | 740 | 11,150 |
| <i>Accumulated amortisation and impairment</i> | | | | | |
| Beginning of financial year | 324 | 8,465 | 876 | 740 | 10,405 |
| Amortisation charge (Note 9) | - | 76 | 7 | - | 83 |
| Currency translation differences | - | (392) | - | - | (392) |
| End of financial year | 324 | 8,149 | 883 | 740 | 10,096 |
| Net book value | | | | | |
| End of financial year | 692 | 307 | 55 | - | 1,054 |
| Group 2021 | | | | | |
| Cost | | | | | |
| Beginning of financial year | 1,016 | 8,641 | 908 | 740 | 11,305 |
| Additions | - | 21 | 19 | - | 40 |
| Currency translation differences | - | 209 | - | - | 209 |
| End of financial year | 1,016 | 8,871 | 927 | 740 | 11,554 |
| <i>Accumulated amortisation and impairment</i> | | | | | |
| Beginning of financial year | 324 | 8,196 | 869 | 740 | 10,129 |
| Amortisation charge (Note 9) | - | 81 | 7 | - | 88 |
| Currency translation differences | - | 188 | - | - | 188 |
| End of financial year | 324 | 8,465 | 876 | 740 | 10,405 |
| Net book value | | | | | |
| End of financial year | 692 | 406 | 51 | - | 1,149 |

15. Intangible assets (cont'd)

| | Trademarks | |
|---------------------------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Company | | |
| <i>Cost</i> | | |
| Beginning of financial year | 671 | 652 |
| Additions | 11 | 19 |
| End of financial year | 682 | 671 |
| <i>Accumulated amortisation</i> | | |
| Beginning of financial year | 620 | 613 |
| Amortisation charge | 7 | 7 |
| End of financial year | 627 | 620 |
| Net book value | | |
| End of financial year | 55 | 51 |

Goodwill

Goodwill acquired through business combinations have been allocated to the following cash-generating units ("CGU"):

| | Group | |
|---|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Best World (China) Pharmaceutical Co., Ltd. ("BWC") | | |
| - Manufacturing/wholesale | 686 | 686 |
| BWL (Thailand) Company Limited ("BWL") | 6 | 6 |
| Best World Lifestyle Sdn. Bhd. ("BWLSB") | 324 | 324 |
| Gross carrying amount | 1,016 | 1,016 |
| Less: Accumulated impairment loss | (324) | (324) |
| | 692 | 692 |

Goodwill related to BWLT is not significant to the Group's consolidated financial statements.

Impairment loss recognised

Included in the Group's goodwill were goodwill attributable to BWLSB, whose carrying value has been reduced to its recoverable amount through recognition of aggregate impairment loss of S\$324,000 since the financial year ended 31 December 2018.

15. Intangible assets (cont'd)

Impairment testing of goodwill

Goodwill is tested for impairment by comparing the carrying amount of goodwill with its recoverable amount.

The recoverable amount of goodwill was determined based on value in use calculations using cash flow projections from financial budget of BWC - Manufacturing/wholesale CGU approved by management covering a five-year period. Management has considered and determined the factors applied in these financial budgets which include average growth rates derived based on management's judgement. The growth rate applied ranges from 33% to 228% (2021: 33% to 167%) and the pre-tax discount rate applied in the cash flow projections is 16.5% (2021: 16.5%), which reflects management's estimation of the risks specific to the segment.

There was no impairment loss recognised to write-down the carrying amount of the goodwill attributable to BWC - Manufacturing/wholesale CGU during the financial years ended 31 December 2022 and 2021.

Licences

Included in licences is a direct selling licence registered under BWC with net carrying amount of S\$189,000 (2021: S\$259,000). The recoverable amounts of the direct selling license is determined based on fair value less costs of disposal. The fair value less costs of disposal of the direct selling license is determined based on recent transacted prices for comparable direct selling licenses in China sharing similar characteristics.

Impairment loss recognised

The Group recorded an accumulated impairment loss of S\$2,892,000 on BWC - Manufacturing/wholesale CGU's production permits and formulae. Consequently, the net carrying amount of this CGU's production permits and formulae is S\$Nil.

16. Investments in subsidiary corporations

| | Company | |
|--|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Unquoted equity shares, at cost | 16,008 | 14,396 |
| Less: Impairment loss | (10,753) | (9,145) |
| | 5,255 | 5,251 |
| Loans to subsidiary corporations | 129,475 | 108,052 |
| Allowance for expected credit loss | (7,469) | (8,500) |
| | 122,006 | 99,552 |
| Total Investments in subsidiary corporations | 127,261 | 104,803 |
| <i>Movements in Unquoted equity shares, at cost:</i> | | |
| Beginning of financial year | 14,396 | 14,396 |
| Additions | 1,612 | - |
| End of financial year | 16,008 | 14,396 |
| <i>Movements in impairment loss:</i> | | |
| Beginning of financial year | 9,145 | 9,145 |
| Charge for the financial year | 1,608 | - |
| End of financial year | 10,753 | 9,145 |
| <i>Movements in allowance for expected loss:</i> | | |
| Beginning of financial year | 8,500 | - |
| Charge for the financial year | (1,031) | 8,500 |
| End of financial year | 7,469 | 8,500 |

Loans to subsidiary corporations

These relates to loans to subsidiary corporations which are unsecured and non-interest bearing and are quasi-equity in nature. The settlement of the loans is not planned, and they are not expected to be settled in the foreseeable future. As these loans, in substance, form part of the Company's net investment in the subsidiary corporations, they are stated at cost.

16. Investments in subsidiary corporations (cont'd)

Composition of the Group

The Group has the following subsidiary corporations as at 31 December 2022 and 2021:

| Name of subsidiary corporations and country of incorporation | Principal activities | Cost | | Effective percentage of equity held by Group | |
|---|---|-----------------|-----------------|--|-----------|
| | | 2022 S\$'000 | 2021 S\$'000 | 2022 % | 2021 % |
| Held by the Company | | | | | |
| Best World Lifestyle Pte. Ltd. ^(a) (Singapore) | Manufacturing and distribution of skin care products and health supplements | 1,251 | 1,251 | 100 | 100 |
| Avance Living Pte. Ltd. ^(a) (Singapore) | Manufacturing and project management service | 4 | 4 | 100 | 100 |
| Best World Lifestyle Sdn. Bhd. ^(f) (Malaysia) | Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment | 2,234 | 2,234 | 100 | 100 |
| PT Best World Indonesia ^(h) (Indonesia) | Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment | 4,978 | 4,978 | 80 | 80 |
| BWL (Thailand) Company Limited ^{(b)(k)} (Thailand) | Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment | 48 | 48 | 49 | 49 |
| Best World Lifestyle (HK) Company Limited ⁽ⁱ⁾ (Hong Kong) | Distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment | 118 | 118 | 100 | 100 |
| Best World Lifestyle (Taiwan) Co., Ltd ^(d) (Taiwan) | Distribution of health food, network services, sanitary products, skin care and cosmetic products | 94 | 94 | 100 | 100 |
| BWL Korea Co., Ltd ^{(j)(p)} (Korea) | Distribution of skin care, health food and equipment | 4,046 | 2,438 | 100 | 100 |
| PT BWL Indonesia ^{(h)(l)} (Indonesia) | Distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment | 780 | 780 | 80 | 80 |

16. Investments in subsidiary corporations (cont'd)

Composition of the Group (cont'd)

The Group has the following subsidiary corporations as at 31 December 2022 and 2021: (cont'd)

| Name of subsidiary corporations and country of incorporation | Principal activities | Cost | | Effective percentage of equity held by Group | |
|---|--|-----------------|-----------------|--|-----------|
| | | 2022 S\$'000 | 2021 S\$'000 | 2022 % | 2021 % |
| Held by the Company (cont'd) | | | | | |
| BWL Health & Sciences, Inc. ^(c) (Philippines) | Selling and distribution, on wholesale basis of skin care, nutritional supplements and personal care products and health care supplement | 765 | 765 | 100 | 100 |
| Best World Vietnam Company Limited ^(e) (Vietnam) | Trading and distribution of skin care and health-related products | 649 | 649 | 100 | 100 |
| BWL General Trading LLC ^{(j)(k)} (Dubai, The United Arab Emirates ("UAE")) | General trading including importing, trading and re-exporting of trade goods and products | 37 | 37 | 49 | 49 |
| BWL Online Systems Pte. Ltd ^{(a)(m)} (Singapore) | Distribution of cosmetics, skin care products and toiletries mainly from online sales | -* | -* | 100 | 100 |
| Best World Lifestyle (S) Pte. Ltd. ^{(a)(n)} (Singapore) | Distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment | 1,000 | 1,000 | 100 | 100 |
| Celcott Investments Pte. Ltd. ^(a) (Singapore) | Investment holding | -* | -* | 100 | 100 |
| Best World Taiwan Holdings Pte. Ltd. ^(a) (Singapore) | Investment holding and distribution of health food, network services, sanitary products, skin care and cosmetic products | -* | -* | 100 | 100 |
| MDUK Investments Pte. Ltd ^(a) (Singapore) | Investment holding | -* | -* | 100 | 100 |
| BWL Macau Company Limited ^{(j)(o)} (Macau) | Importation and distribution of cosmetics, skincare, nutritional supplements, personal care products and healthcare equipment | 4 | - | 100 | - |
| | | 16,008 | 14,396 | | |

* Less than S\$1,000

16. Investments in subsidiary corporations (cont'd)

Composition of the Group (cont'd)

The Group has the following subsidiary corporations as at 31 December 2022 and 2021: (cont'd)

| Name of subsidiary corporations and country of incorporation | Principal activities | Effective percentage of equity held by Group | |
|---|--|--|--------|
| | | 2022 % | 2021 % |
| Held through Best World Lifestyle Pte. Ltd. | | | |
| Best World (China) Pharmaceutical Co., Ltd. ^(g) (People's Republic of China) | Development, manufacture and wholesale of its proprietary brand of dietary supplements, including wholesale, retail and import and export of personal care and skincare and healthcare equipment import and distribution of cosmetics, skincare, nutritional supplements, personal care products and healthcare equipment and engage in franchising activities | 100 | 100 |
| Held through Best World (China) Pharmaceutical Co., Ltd. | | | |
| Best World Lifestyle (Shanghai) Co., Ltd ^(g) (People's Republic of China) | Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment. Has not commenced commercial operations | 100 | 100 |
| Best World Lifestyle (China) Co., Ltd ^(g) (People's Republic of China) | Sales of personal necessities, cosmetics and hygiene products, nutritional supplements and health care products, pre-packaged food and other related activities. | 100 | 100 |

^(a) Audited by CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation).

^(b) Audited by RSM Audit Services (Thailand) Limited, a member firm of RSM International.

^(c) Audited by Reyes Tacandong & Co.

^(d) Audited by Ernst & Young Taiwan, a member firm of Ernst & Young Global.

^(e) Audited by RSM Vietnam Auditing & Consulting Company Limited, a member firm of RSM International.

^(f) Audited by Crowe Horwath Malaysia, a member of Crowe Horwath International.

^(g) Audited by Hunan Zhongqiao Sanxiang Certified Public Accountants. Audited by Shanghai CLA Global TS Certified Public Accountants, for Group reporting purpose.

^(h) Audited by Tjahjadi & Tamara, a member of Morison Global.

⁽ⁱ⁾ Audited by RSM Hong Kong, a member firm of RSM International.

^(j) Not subject to any statutory requirements under the relevant rules and regulations in their countries of incorporation.

16. Investments in subsidiary corporations (cont'd)

Composition of the Group (cont'd)

The Group has the following subsidiary corporations as at 31 December 2022 and 2021: (cont'd)

- ^(k) The Group has accounted for the entity as a subsidiary corporation as the Group controls the relevant activities (including financial and operating policies) of the entity through a shareholders' agreement.
- ^(l) On 30 December 2021, the Company increased its investment in PT BWL Indonesia by way of cash injection of IDR6,000,000,000 (equivalent to S\$587,000) due to increase in issued share capital of PT BWL Indonesia from IDR2,500,000,000 to IDR10,000,000,000. There is no change in effective shareholding of 80% subsequent to the capital injection.
- ^(m) The Group incorporated BONSA Systems Pte. Ltd. on 5 June 2020. BONSA Systems Pte. Ltd. changed its name to BWL Online Systems Pte. Ltd on 14 January 2021.
- ⁽ⁿ⁾ The Group incorporated Best World Lifestyle (S) Pte. Ltd. on 21 July 2021.
- ^(o) On 24 February 2022, the Company and its wholly-owned subsidiary in Hong Kong, Best World Lifestyle (Hong Kong) Company Limited ("BWLHK") has incorporated a wholly-owned subsidiary in Macau Special Administrative Region in the People's Republic of China.
- ^(p) On 1 November 2022, the Company increased its investment in BWL Korea Co., Ltd by way of debt conversion of USD1,180,000 (equivalent to S\$1,608,000). There is no change in effective shareholding of 100% subsequent to the capital injection.

As required by Rule 715(2) of the Listing Manual of The Singapore Exchange Securities Trading Limited, the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiary corporations would not compromise the standard and effectiveness of the audit of the Group.

The Directors have assessed that the Group did not have subsidiary corporations with non-controlling interests that are material to the Group as at 31 December 2022 and 2021.

Undertaking to support subsidiary corporations with deficit position

At the end of the reporting period, the Company has agreed to provide continuing financial support to certain subsidiary corporations and the net deficit position of these subsidiary corporations was:

| | Company | |
|---|--------------|--------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Total net deficit position of subsidiary corporations | 18,092 | 19,892 |

17. Investment in a joint venture

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

Details of the joint venture are as follows:

| Name of company | Principal activities | Principal place of business | Ownership interest | |
|----------------------------------|---|-----------------------------|--------------------|-----------|
| | | | 2022 % | 2021 % |
| Pedal Pulses Ltd. ^(a) | Retail sales of products for feet, legs and hands and provision of podiatry and beauty services | United Kingdom | 49.9 | 49.9 |

^(a) Audited by Aspen Waite Limited UK

On 3 April 2020, the Group has through its wholly-owned subsidiary corporation, MDUK Investments Pte. Ltd (previously known as Best World Investments Pte. Ltd), entered into a sales and purchase agreement, to acquire 579 ordinary shares of Pedal Pulses Ltd., representing 49.9% equity interest in Pedal Pulses Ltd. for a cash consideration of GBP13,900,000, equivalent to S\$24,762,000. The Group jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decision over the relevant activities.

As part of the acquisition, the Group's subsidiary corporation entered into a put and call option agreement with the owners of Pedal Pulses Ltd. As at the date of acquisition, the fair value of the put and call options amounted to S\$29,594,000 and S\$6,185,000 respectively. The aggregated fair value of these options, amounting to S\$23,409,000 has been accounted for as part of the consideration transferred for the acquisition of Pedal Pulses Ltd.

There are no contingent liabilities relating to the Group's interest in the joint venture.

17. Investment in a joint venture (cont'd)

Set out below is the summarised financial information for Pedal Pulses Ltd.

Summarised statements of financial position

| | 2022 S\$'000 | 2021 S\$'000 |
|--|-----------------|-----------------|
| Current assets | 9,349 | 9,677 |
| Non-current assets | 1,746 | 2,264 |
| Current liabilities | (2,595) | (3,308) |
| Non-current liabilities | (287) | (303) |
| Net assets, representing surplus in equity | 8,213 | 8,330 |
| Proportion of the Group's ownership | 49.9% | 49.9% |
| Share of net assets | 1,583 | 2,320 |
| Fair value adjustment on net assets acquired | 5,798 | 5,798 |
| Cumulative share of results | 2,127 | 1,433 |
| Goodwill on acquisition | 39,133 | 39,133 |
| | 48,641 | 48,684 |
| Less: Impairment loss | (23,041) | (10,349) |
| Carrying amount of the investment | 25,600 | 38,335 |

Summarised statement of comprehensive income

| | 2022 S\$'000 | 2021 S\$'000 |
|---|-----------------|-----------------|
| Revenue | 15,427 | 14,862 |
| Cost of sales | (5,671) | (5,708) |
| Administrative expense, including depreciation and amortisation | (5,478) | (5,071) |
| Distribution costs | (1,326) | (1,260) |
| Profit before income tax | 2,952 | 2,823 |
| Income tax expense | (568) | (536) |
| Profit for the financial period, representing total comprehensive income for the financial year | 2,384 | 2,287 |
| Proportion of the Group's ownership | 49.9% | 49.9% |
| Group's share of total comprehensive income for the financial year | 1,189 | 1,141 |
| Adjustment for fair value differences | (495) | (495) |
| Group's share of results for the financial year | 694 | 646 |
| Group's cumulative share of results | 2,127 | 1,433 |
| Dividends received from joint venture | 737 | 920 |

The joint venture had no contingent liabilities or capital commitments as at 31 December 2022.

18. Investment in an associate

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

Details of the associate are as follows:

| Name of company | Principal activities | Principal place of business | Ownership interest | |
|--------------------------------------|--|-----------------------------|--------------------|-----------|
| | | | 2022 % | 2021 % |
| Celligenics Pte. Ltd. ^(a) | Research and development of Biotechnology, life and medical sciences | Singapore | 12.5 | 12.5 |

^(a) Audited by Pricewaterhouse Coopers LLP

On 21 January 2019, the Company's wholly-owned subsidiary corporation, Celcott Investments Pte. Ltd., acquired 115,000 ordinary shares in Celligenics Pte. Ltd. for a cash consideration of S\$5,625,000, representing 12.5% of the total issued share capital. Investment in Celligenics Pte. Ltd. is classified as investment in associate because the Group has significant influence over the entity through representation on the board of directors. The Company, or its designated wholly-owned subsidiary corporation, was given the right (but not the obligation) to subscribe for additional shares such that the aggregate shareholding of the Group in Celligenics Pte. Ltd. after such further subscription represents up to but not more than 15.0% of the total shares in Celligenics Pte. Ltd. as at the date of exercise of such right on a fully diluted basis. The Group did not exercise the right and the right has since lapsed.

There are no contingent liabilities relating to the Group's interest in the associate.

Set out below is the summarised financial information for Celligenics Pte. Ltd.

Summarised statement of financial position

| | 2022 S\$'000 | 2021 S\$'000 |
|---|-----------------|-----------------|
| Current assets | 31 | 75 |
| Non-current assets | 357 | 36 |
| Current liabilities | (3,022) | (261) |
| Net liabilities, representing surplus in equity | (2,634) | (150) |
| Proportion of the Group's ownership | 12.5% | 12.5% |
| Share of net assets on acquisition | 606 | 606 |
| Cumulative share of results | (934) | (635) |
| Goodwill on acquisition | 4,949 | 4,949 |
| Other adjustments | 70 | 70 |
| Carrying amount of the investment | 4,691 | 4,990 |

18. Investment in an associate (cont'd)

Set out below is the summarised financial information for Celligenics Pte. Ltd. (cont'd)

Summarised statement of comprehensive income

| | 2022 S\$'000 | 2021 S\$'000 |
|--|-----------------|-----------------|
| Other income | 145 | 544 |
| Administrative expenses | (936) | (1,306) |
| Research and development | (1,605) | (685) |
| Loss before income tax | (2,396) | (1,447) |
| Income tax expense | - | - |
| Loss for the financial year, representing total comprehensive loss for the financial year | (2,396) | (1,447) |
| Proportion of the Group's ownership | 12.5% | 12.5% |
| Group's share of results for the financial year | (299) | (183) |
| Group's cumulative share of results | (934) | (635) |

The associate had no contingent liabilities or capital commitments as at 31 December 2022 and 2021.

19. Other financial assets

| | Group | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Carrying value | | Fair value | |
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Non-current: | | | | |
| Quoted bonds, classified as financial instruments at amortised cost, in corporations with fixed interest rate at: 4.38% maturing on 9 January 2023 (effective rate: 4.38% (2021: 4.38%)), Singapore | - | 269 | - | 282 |
| | - | 269 | - | 282 |
| Financial assets at FVPL: | | | | |
| Call option - Pedal Pulses Ltd. | 1,985 | 5,662 | 1,985 | 5,662 |
| Total other financial assets (non-current) | 1,985 | 5,931 | 1,985 | 5,944 |

19. Other financial assets (cont'd)

| | Group | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Carrying value | | Fair value | |
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Current: | | | | |
| Quoted bonds, classified as financial instruments at amortised cost, in corporations with fixed interest rate at: | | | | |
| 4.38% maturing on 9 January 2023 (effective rate: 4.38% (2021: 4.38%)), Singapore | 268 | - | 272 | - |
| 3.00% maturing on 31 March 2022 (effective rate: 3.00% (2021: 3.00%)), Luxembourg | - | 270 | - | 247 |
| <u>Financial assets at FVPL:</u> | | | | |
| PIMCO Funds: Global Investors Series PLC - Income Fund | 1,240 | 1,314 | 1,240 | 1,314 |
| United High Grade Corporate Bond Fund | 1,924 | 2,320 | 1,924 | 2,320 |
| United SGD Fund - AACCUSDH | 10,284 | 10,565 | 10,284 | 10,565 |
| Total other financial assets (current) | 13,716 | 14,469 | 13,720 | 14,446 |
| Total other financial assets (current and non-current) | 15,701 | 20,400 | 15,705 | 20,390 |

| | Company | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Carrying value | | Fair value | |
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Non-current: | | | | |
| Quoted bonds, classified as financial instruments at amortised cost, in corporations with fixed interest rate at: | | | | |
| 4.38% maturing on 9 January 2023 (effective rate: 4.38% (2021: 4.38%)), Singapore | - | 269 | - | 282 |
| Total other financial assets (non-current) | - | 269 | - | 282 |

19. Other financial assets (cont'd)

| | Company | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Carrying value | | Fair value | |
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Current: | | | | |
| Quoted bonds, classified as financial instruments at amortised cost, in corporations with fixed interest rate at: | | | | |
| 4.38% maturing on 9 January 2023 (effective rate: 4.38% (2021: 4.38%)), Singapore | 268 | - | 272 | - |
| 3.00% maturing on 31 March 2022 (effective rate: 3.00% (2021: 3.00%)), Luxembourg | - | 270 | - | 247 |
| <u>Financial assets at FVPL:</u> | | | | |
| PIMCO Funds: Global Investors Series PLC - Income Fund | 1,240 | 1,314 | 1,240 | 1,314 |
| United High Grade Corporate Bond Fund | 1,924 | 2,320 | 1,924 | 2,320 |
| United SGD Fund - AACCUSDH | 10,284 | 10,565 | 10,284 | 10,565 |
| Total other financial assets (current) | 13,716 | 14,469 | 13,720 | 14,446 |
| Total other financial assets (current and non-current) | 13,716 | 14,738 | 13,720 | 14,728 |

Funds pledged for undrawn available credit facilities

Funds amounting to S\$2,194,000 (2021: S\$2,260,000) were pledged to banks to secure banking facilities granted to the Group as disclosed in Note 32(c) to the financial statements.

A reconciliation of other financial assets as at 31 December 2022 and 2021 is as follows:

| | | | | Non-cash changes | | | Reclass- ification S\$'000 | 31 December 2022 S\$'000 |
|---|---------------------------------|---------------------|---------------------|--------------------------------|-------------------------------------|--|----------------------------------|-----------------------------------|
| | 1 January 2022 S\$'000 | Addition S\$'000 | Disposal S\$'000 | Loss on disposal S\$'000 | Fair value adjustment S\$'000 | Foreign exchange movement S\$'000 | | |
| Group | | | | | | | | |
| Non-current: | | | | | | | | |
| Financial instruments at amortised cost | 269 | - | - | - | - | - | (269) | - |
| Financial instruments at FVPL | 5,662 | - | - | - | (3,288) | (389) | - | 1,985 |
| Current: | | | | | | | | |
| Financial instruments at amortised cost | 270 | - | (245) | (26) | - | - | 269 | 268 |
| Financial instruments at FVPL | 14,199 | 148 | - | - | (844) | (55) | - | 13,448 |
| Total | 20,400 | 148 | (245) | (26) | (4,132) | (444) | - | 15,701 |

19. Other financial assets (cont'd)

A reconciliation of other financial assets as at 31 December 2022 and 2021 is as follows: (cont'd)

| | | | | Non-cash changes | | | | |
|--|---------------------------------|---------------------|---------------------|--------------------------------|-------------------------------------|--|----------------------------------|-----------------------------------|
| | 1 January 2021 S\$'000 | Addition S\$'000 | Disposal S\$'000 | Loss on disposal S\$'000 | Fair value adjustment S\$'000 | Foreign exchange movement S\$'000 | Reclass- ification S\$'000 | 31 December 2021 S\$'000 |
| Group | | | | | | | | |
| Non-current: | | | | | | | | |
| Financial instruments at amortised cost | 791 | - | (108) | (162) | - | 12 | (264) | 269 |
| Financial instruments at FVPL | 4,585 | - | - | - | 934 | 143 | - | 5,662 |
| Current: | | | | | | | | |
| Financial instruments at amortised cost | - | - | - | - | - | 6 | 264 | 270 |
| Financial instruments at FVPL | 12,634 | 1,370 | - | - | (90) | 285 | - | 14,199 |
| Total | 18,010 | 1,370 | (108) | (162) | 844 | 446 | - | 20,400 |

| | | | | Non-cash changes | | | | |
|--|---------------------------------|---------------------|---------------------|--------------------------------|-------------------------------------|--|----------------------------------|-----------------------------------|
| | 1 January 2022 S\$'000 | Addition S\$'000 | Disposal S\$'000 | Loss on disposal S\$'000 | Fair value adjustment S\$'000 | Foreign exchange movement S\$'000 | Reclass- ification S\$'000 | 31 December 2022 S\$'000 |
| Company | | | | | | | | |
| Non-current: | | | | | | | | |
| Financial instruments at amortised cost | 269 | - | - | - | - | - | (269) | - |
| Current: | | | | | | | | |
| Financial instruments at amortised cost | 270 | - | (245) | (26) | - | - | 269 | 268 |
| Financial instruments at FVPL | 14,199 | 148 | - | - | (844) | (55) | - | 13,448 |
| Total | 14,738 | 148 | (245) | (26) | (844) | (55) | - | 13,716 |

19. Other financial assets (cont'd)

A reconciliation of other financial assets as at 31 December 2022 and 2021 is as follows: (cont'd)

| | | | | Non-cash changes | | | | |
|--|---------------------------------|---------------------|---------------------|--------------------------------|-------------------------------------|--|----------------------------------|-----------------------------------|
| | 1 January 2021 S\$'000 | Addition S\$'000 | Disposal S\$'000 | Loss on disposal S\$'000 | Fair value adjustment S\$'000 | Foreign exchange movement S\$'000 | Reclass- ification S\$'000 | 31 December 2021 S\$'000 |
| Company | | | | | | | | |
| Non-current: | | | | | | | | |
| Financial instruments at amortised cost | 791 | - | (108) | (162) | - | 12 | (264) | 269 |
| Current: | | | | | | | | |
| Financial instruments at amortised cost | - | - | - | - | - | 6 | 264 | 270 |
| Financial instruments at FVPL | 12,634 | 1,370 | - | - | (90) | 285 | - | 14,199 |
| Total | 13,425 | 1,370 | (108) | (162) | (90) | 303 | - | 14,738 |

A summary of the carrying value and fair value of other financial assets is as follows:

| | Group | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | Carrying value | | Fair value | |
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Financial assets at amortised cost | 268 | 539 | 272 | 529 |
| Financial instruments at FVPL | 15,433 | 19,861 | 15,433 | 19,861 |
| | 15,701 | 20,400 | 15,705 | 20,390 |

| | Company | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | Carrying value | | Fair value | |
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Financial assets at amortised cost | 268 | 539 | 272 | 529 |
| Financial instruments at FVPL | 13,448 | 14,199 | 13,448 | 14,199 |
| | 13,716 | 14,738 | 13,720 | 14,728 |

Interest income recognised on financial instruments at amortised cost is S\$38,000 (2021: S\$39,000). This is disclosed as "Interest income" in the consolidated statement of comprehensive income.

20. Inventories

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Statement of financial position: | | | | |
| Finished goods | 52,826 | 88,003 | 22,157 | 26,902 |
| Raw materials | 126 | 124 | - | - |
| Work-in-progress | 209 | - | - | - |
| Packaging materials | 129 | 154 | - | - |
| | 53,290 | 88,281 | 22,157 | 26,902 |

| | Group | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Consolidated statement of profit or loss: | | | | |
| Inventories recognised as an expense in profit before tax | | | 93,808 | 103,627 |
| Inclusive of the following charge: | | | | |
| - Inventories written-off charged to profit or loss included in cost of sales | | | 22 | 2 |
| - Inventories written-down, net | | | 103 | 947 |

21. Trade and other receivables

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Financial assets | | | | |
| Trade receivables | | | | |
| - Third parties | 2,772 | 2,163 | 208 | 651 |
| - Subsidiary corporations | - | - | 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 |
| Other receivables | | | | |
| - Third parties | 7,849 | 3,932 | 548 | 1,233 |
| - Refundable rental deposits | 2,509 | 2,033 | 2,051 | 1,271 |
| - Subsidiary corporations | - | - | 19,882 | 14,347 |
| - Associate | 12 | - | - | - |
| - Related company | - | - | 12 | - |
| 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 |

21. Trade and other receivables (cont'd)

Amounts due from subsidiary corporations are unsecured, bear interests ranging from 3.7% to 4.6% (2021: 1.44% to 6.90%) per annum and are to be settled in cash.

Amount due from an associate and related company are unsecured, interest-free and receivable on demand.

Refundable rental deposits are deposits placed with lessors. These deposits are unsecured and non-interest bearing and refundable upon termination of leases.

The movement in the Group's and Company's expected credit losses on trade receivables are as follows:

| | Group | | Company | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Movement in allowance accounts: | | | | |
| Beginning of financial year | 1,556 | 1,512 | 16,872 | 14,414 |
| Charge for the financial year | - | - | 268 | 2,462 |
| Write-back for the financial year | (16) | (11) | (5,259) | - |
| Utilised | - | (4) | - | (4) |
| Foreign exchange difference | 70 | 59 | - | - |
| End of financial year (Note 32(b)) | 1,610 | 1,556 | 11,881 | 16,872 |

The movement in allowance for expected credit losses used to record the impairment of the Group's and Company's other receivables are as follows:

| | Group | | Company | |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Movement in allowance accounts: | | | | |
| Beginning of financial year | 264 | 383 | 9,682 | 10,059 |
| Charge for the financial year | 12 | - | - | 593 |
| Write-back for the financial year | - | - | (312) | (970) |
| Utilised | - | (115) | - | - |
| Foreign exchange difference | (14) | (4) | - | - |
| End of financial year | 262 | 264 | 9,370 | 9,682 |

22. Other assets

| | Group | | Company | |
|-----------------------|-----------------|-----------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Advances to suppliers | 17,360 | 12,049 | 15,016 | 9,726 |
| Prepayments | 11,528 | 8,608 | 436 | 347 |
| | 28,888 | 20,657 | 15,452 | 10,073 |

23. Cash and cash equivalents

| | Group | | Company | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Cash at banks | 477,389 | 467,844 | 267,046 | 296,649 |
| Cash pledged for bank facilities | 3,004 | 1,551 | 3,000 | 1,500 |
| Cash pledged for security deposits | 4,438 | 5,433 | - | - |
| | 484,831 | 474,828 | 270,046 | 298,149 |

Cash at banks

These balances include bank balances and short-term deposits with a maturity of less than 90 days. The rate of interest for the cash on interest earning balances is between 0.05% to 7.2% (2021: 0.05% to 4.90%) per annum.

Cash pledged for bank facilities

This is pledged to certain banks to secure banking facilities granted to the Group. These banking facilities remain unutilised as at the end of the reporting period (Note 32(c)).

Cash pledged for security deposits

This relates to security deposits required by authorities in People's Republic of China and Vietnam for direct selling licences and are restricted in use.

23. Cash and cash equivalents (cont'd)

For the purpose of presenting consolidated statement of cash flows, cash and cash equivalents comprise the following:

| | Group | |
|--|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Cash and bank balances (as above) | 484,831 | 474,828 |
| Less: Cash pledged for bank facilities | (3,004) | (1,551) |
| Less: Cash pledged for security deposits | (4,438) | (5,433) |
| Cash and cash equivalents per consolidated statement of cash flows | 477,389 | 467,844 |

24. Trade and other payables

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Trade payables | | | | |
| - Third parties | 6,608 | 9,072 | 2,393 | 7,155 |
| Other payables | | | | |
| - Third parties | 94,400 | 85,300 | 5,406 | 10,613 |
| - Subsidiary corporations | - | - | 970 | - |
| | 94,400 | 85,300 | 6,376 | 10,613 |
| Accrued operating expenses | 50,382 | 54,476 | 39,519 | 41,030 |
| 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 | 147,412 | 147,125 | 48,288 | 58,798 |

Amounts due to subsidiary corporations are unsecured, interest-free and repayable on demand.

25. Right-of-use assets and lease liabilities

As a lessee

The Group has leases for its office spaces, warehouse, a factory property and equipment. The Group's obligations under its lease is secured by the lessor's title to the leased asset. Generally, the Group is restricted from assigning and subleasing the leased asset.

The Group also has leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:

| | Office spaces S\$'000 | Warehouse S\$'000 | Factory property S\$'000 | Equipment S\$'000 | Total S\$'000 |
|------------------------------|--------------------------|----------------------|-----------------------------|----------------------|------------------|
| Group | | | | | |
| At 1 January 2021 | 9,189 | 6 | 1,542 | 12 | 10,749 |
| Additions | 10,004 | - | 1,561 | 11 | 11,576 |
| Termination of lease | (1,469) | - | (1,496) | - | (2,965) |
| Foreign exchange difference | 171 | - | - | - | 171 |
| Depreciation charge (Note 9) | (4,488) | (6) | (46) | (3) | (4,543) |
| At 31 December 2021 | 13,407 | - | 1,561 | 20 | 14,988 |
| Additions | 13,335 | - | 403 | 81 | 13,819 |
| Termination of lease | (1,048) | - | - | (19) | (1,067) |
| Lease modification | - | - | 45 | - | 45 |
| Foreign exchange difference | (857) | - | - | - | (857) |
| Depreciation charge (Note 9) | (5,358) | - | (61) | (11) | (5,430) |
| At 31 December 2022 | 19,479 | - | 1,948 | 71 | 21,498 |

| | Office spaces S\$'000 | Warehouse S\$'000 | Total S\$'000 |
|---------------------|--------------------------|----------------------|------------------|
| Company | | | |
| At 1 January 2021 | 4,027 | 6 | 4,033 |
| Depreciation charge | (1,534) | (6) | (1,540) |
| At 31 December 2021 | 2,493 | - | 2,493 |
| Additions | 8,105 | - | 8,105 |
| Depreciation charge | (1,795) | - | (1,795) |
| At 31 December 2022 | 8,803 | - | 8,803 |

25. Right-of-use assets and lease liabilities (cont'd)

Lease liabilities are presented in the statement of financial position as follows:

| | Group | | Company | |
|-------------|-----------------|-----------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Current | 5,154 | 3,746 | 2,142 | 1,367 |
| Non-current | 15,502 | 10,316 | 6,230 | 1,021 |
| Total | 20,656 | 14,062 | 8,372 | 2,388 |

A reconciliation of lease liabilities is as follows:

| | Group | | Company | |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Beginning of financial year | 14,062 | 10,093 | 2,388 | 3,777 |
| Additions | 12,932 | 11,352 | 7,621 | - |
| Lease modification | 47 | - | - | - |
| Accretion of interest | 507 | 420 | 166 | 116 |
| Termination of lease | (1,067) | (2,977) | - | - |
| Foreign exchange difference | (843) | (26) | - | - |
| Payments | (4,982) | (4,800) | (1,803) | (1,505) |
| End of financial year | 20,656 | 14,062 | 8,372 | 2,388 |

The maturity analysis of lease liabilities are disclosed in Note 32(c) to the financial statements.

Amounts recognised in profit or loss are as follows:

| | Group | |
|---|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Operating lease expense relating to short-term leases | (85) | (110) |
| Depreciation of right-of-use assets | (5,430) | (4,543) |
| Interest expense on lease liabilities | (507) | (420) |
| Gain on termination of lease | - | 12 |
| Loss on lease modification | (2) | - |

25. Right-of-use assets and lease liabilities (cont'd)

The total cash outflows for leases are as follows:

| | Group | |
|---|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Repayment of lease liabilities | 4,982 | 4,800 |
| Operating lease expense relating to short-term leases | 85 | 110 |
| Total cash outflows for leases | 5,067 | 4,910 |

26. Other financial liabilities

| | Group | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Carrying value | | Fair value | |
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Non-current: | | | | |
| <i>Financial instruments at FVPL:</i> | | | | |
| Put option - Pedal Pulses Ltd. | 11,401 | 18,796 | 11,401 | 18,796 |
| Current: | | | | |
| <i>Financial instruments at FVPL:</i> | | | | |
| Forward contract | 43 | - | 43 | - |
| Total other financial liabilities (current and non-current) | 11,444 | 18,796 | 11,444 | 18,796 |

| | Company | | | |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | Carrying value | | Fair value | |
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Current: | | | | |
| <i>Financial instruments at FVPL:</i> | | | | |
| Forward contract | 43 | - | 43 | - |

26. Other financial liabilities (cont'd)

A reconciliation of other financial liabilities as at 31 December 2022 and 2021 is as follows:

| | 1 January 2022 S\$'000 | Fair value adjustment S\$'000 | Foreign exchange adjustment S\$'000 | 31 December 2022 S\$'000 |
|--------------------------------|------------------------------|-------------------------------------|--|-----------------------------------|
| Group | | | | |
| Non-current: | | | | |
| Put option - Pedal Pulses Ltd. | 18,796 | (5,623) | (1,772) | 11,401 |
| Current: | | | | |
| Forward contract | - | 43 | - | 43 |
| | 18,796 | (5,580) | (1,772) | 11,444 |

| | 1 January 2021 S\$'000 | Fair value adjustment S\$'000 | Foreign exchange adjustment S\$'000 | 31 December 2021 S\$'000 |
|--------------------------------|------------------------------|-------------------------------------|--|-----------------------------------|
| Group | | | | |
| Non-current: | | | | |
| Put option - Pedal Pulses Ltd. | 32,798 | (15,283) | 1,281 | 18,796 |
| Current: | | | | |
| Foreign exchange derivatives | 800 | (800) | - | - |
| | 33,598 | (16,083) | 1,281 | 18,796 |

| | 1 January 2022 S\$'000 | Addition S\$'000 | Fair value adjustment S\$'000 | 31 December 2022 S\$'000 |
|-------------------------------------|------------------------------|---------------------|-------------------------------------|-----------------------------------|
| Company | | | | |
| Current: | | | | |
| Fair value loss on forward contract | - | - | 43 | 43 |

| | 1 January 2021 S\$'000 | Addition S\$'000 | Fair value adjustment S\$'000 | 31 December 2021 S\$'000 |
|------------------------------|------------------------------|---------------------|-------------------------------------|-----------------------------------|
| Company | | | | |
| Current: | | | | |
| Foreign exchange derivatives | 800 | - | (800) | - |

27. Provisions

| | Group | | Company | |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Non-current: | | | | |
| Provision for reinstatement | 1,111 | - | 484 | - |
| Current: | | | | |
| Provision for reinstatement | 882 | 1,306 | 882 | 1,082 |
| Provision for convention expenses | 34,014 | 35,556 | - | - |
| | 34,896 | 36,862 | 882 | 1,082 |

Provision for convention expenses

Provision for convention expenses are to be incurred for the Group's convention expected to be held during the financial year ending 31 December 2023.

Provision for reinstatement

Provision for restoration costs are to be incurred for the Group's and Company's leased units.

Movements in provision for restoration costs during the year are as follows:

| | Group | | Company | |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Beginning of financial year | 1,306 | 1,306 | 1,082 | 1,082 |
| Addition | 687 | 224 | 284 | - |
| Overprovision (Note 6) | - | (224) | - | - |
| End of financial year | 1,993 | 1,306 | 1,366 | 1,082 |

It is expected that most of these costs will be incurred upon termination of the leases.

28. Share capital

(a) Share capital

| | Group and Company | | | |
|-------------------------------|--------------------------|---------|--------------------------|---------|
| | 2022 | | 2021 | |
| | No. of shares '000 | S\$'000 | No. of shares '000 | S\$'000 |
| Beginning of financial year | 554,392 | 20,618 | 554,392 | 20,618 |
| Share purchased and cancelled | (103,379) | - | - | - |
| End of financial year | 451,013 | 20,618 | 554,392 | 20,618 |

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

Pursuant to two Off-Market Equal Access Offers, the Company purchased and cancelled 54,410,011 and 48,969,010 of its own shares from shareholders at the offer price of S\$1.36 for each share on 8 March 2022 and 17 June 2022 respectively. The total consideration paid for share purchased was approximately S\$140,596,000.

(b) Treasury shares

| | Group and Company | | | |
|---|--------------------------|----------|--------------------------|----------|
| | 2022 | | 2021 | |
| | No. of shares '000 | S\$'000 | No. of shares '000 | S\$'000 |
| Beginning of financial year | 10,292 | (10,591) | 10,292 | (10,591) |
| Share buyback – held as treasury shares | 4,601 | (7,684) | - | - |
| End of financial year | 14,893 | (18,275) | 10,292 | (10,591) |

Treasury shares relate to ordinary shares of the Company that are held by the Company.

For the financial year ended 31 December 2022, the Company purchased 4,600,900 of its ordinary 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.

29. Other reserves

| | Group | | Company | |
|------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Currency translation reserve | (1,005) | 8,051 | - | - |
| Statutory reserve | 33,384 | 30,258 | - | - |
| Other reserve | (787) | (787) | 322 | 322 |
| Total other reserves | 31,592 | 37,522 | 322 | 322 |

Currency translation reserve

The currency translation reserve is used to record foreign exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Statutory reserve

In accordance with the relevant regulations applicable to the subsidiary corporations in the People's Republic of China ("PRC") and Taiwan, the subsidiary corporations are required to make appropriation to Statutory Reserve Fund ("SRF") based on 10% of statutory profits after tax until the cumulative total of the SRF reaches 50% and 100% of the subsidiary corporations' registered capital for PRC and Taiwan, respectively. Subject to approval from the relevant authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary corporations. The SRF is not available for dividend distribution to shareholders.

Other reserves

Other reserves relate to the effects of:

- A change in ownership interests in a subsidiary corporation when there was no change in control during the financial year ended 31 December 2017;
- Transfer of treasury shares under fulfilment of equity settled share awards granted to employees under the performance share scheme during the financial year ended 31 December 2019; and
- A restructuring exercise in respect of its subsidiary corporations in Indonesia where there was no change in effective shareholding and control during the financial year ended 31 December 2019.

30. Related parties transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, 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 | |
|---|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| With companies related to directors of the Company | | |
| Consultancy fee expenses | (22) | - |
| Gift expenses | (12) | - |
| 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) |
| With directors of the Company | | |
| Purchase of books | - | 15 |
| Royalty fee for books printing | - | 100 |

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management of the Group and of the Company during the financial year are as follows:

| | Group | |
|--|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Short-term employee benefits | 39,615 | 41,556 |
| Central Provident Fund contributions and other pension contributions | 297 | 312 |
| Total compensation paid to key management personnel | 39,912 | 41,868 |
| Short-term employee benefits paid to the key management personnel comprised: | | |
| - Directors of the Company | 32,383 | 33,544 |
| - Other key management personnel | 7,529 | 8,324 |
| | 39,912 | 41,868 |

31. Commitments

(a) Operating lease commitments - as lessor

The Group has entered into a commercial property lease on its investment property. The non-cancellable lease has a fixed monthly rental charge and a remaining lease term of 13 months (2021: 1 month).

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

| | Group | |
|---|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Not later than one year | 115 | 124 |
| Later than one year and not later than five years | 10 | 10 |
| | 125 | 134 |

(b) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

| | Group | |
|---|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Capital commitments in respect of property, plant and equipment | 2,610 | 21,728 |

32. Financial risk management

Financial risk factors

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk (including equity price risk and currency risk), credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been, throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. Guidelines set up the short-term and long-term objectives and actions to be taken in order to manage the financial risks. Such guidelines include:

- Minimise interest rate, currency, credit and market risk for all kinds of transactions;
- Maximise the use of "natural hedge", favouring as much as possible the natural offsetting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk;
- All financial risk management activities are carried out and monitored by senior management staff;
- All financial risk management activities are carried out following good market practices;
- When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Market risk

(i) Equity price risk

Equity price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest of exchange rates). The Group is exposed to market price risk arising from its investments in quoted investment funds and are held as financial instruments at FVPL (Note 19). The Group does not have exposure to commodity price risk.

The Group's objective is to preserve capital and generate stable and consistent returns through investments in securities. The Group has signed an agreement with a financial institution to manage the Investment Portfolio ("Portfolio"). The following are the restrictions on the Portfolio:

1. Up to 100% of the Portfolio may be invested into the United SGD Fund;
2. Up to 30% of the Portfolio may be invested into the United High Grade Corporate Bond Fund; and
3. Up to 100% of the Portfolio may be invested or held in cash, cash equivalents and fixed deposits.

The Portfolio aims to target returns of 3.0% per annum. Any deviation from this policy is required to be approved by the CEO and Audit Committee. At the end of the reporting period, the entire Portfolio of the Group comprise quoted investment securities.

32. Financial risk management (cont'd)

(a) Market risk (cont'd)

(i) Equity price risk (cont'd)

At the end of the reporting period, if the price of the funds held had been 10% (2021: 10%) higher/lower with all other variables held constant, the Group's profit before income tax would have been S\$1,345,000 (2021: S\$1,420,000) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments.

(ii) Currency risk

The Group and the Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Chinese Yuan (RMB), British Pound (GBP) and United States Dollar (USD).

The Group's currency exposure based on information provided to key management is as follows:

| | RMB S\$'000 | GBP S\$'000 | USD S\$'000 | Total S\$'000 |
|--|----------------|----------------|----------------|------------------|
| Group 2022 | | | | |
| Financial assets: | | | | |
| Other financial assets | - | 1,985 | 13,716 | 15,701 |
| Cash and cash equivalents | 382 | 56 | 125,097 | 125,535 |
| | 382 | 2,041 | 138,813 | 141,236 |
| Financial liabilities: | | | | |
| Trade and other payables | 874 | - | 1,402 | 2,276 |
| Other financial liabilities | - | 11,401 | 43 | 11,444 |
| | 874 | 11,401 | 1,445 | 13,720 |
| Total net financial assets/(liabilities) | (492) | (9,360) | 137,368 | 127,516 |

| | RMB S\$'000 | GBP S\$'000 | USD S\$'000 | Total S\$'000 |
|--|----------------|----------------|----------------|------------------|
| Group 2021 | | | | |
| Financial assets: | | | | |
| Other financial assets | - | 5,662 | 14,738 | 20,400 |
| Cash and cash equivalents | 102,705 | 934 | 32,902 | 136,541 |
| | 102,705 | 6,596 | 47,640 | 156,941 |
| Financial liabilities: | | | | |
| Trade and other payables | - | - | 6,014 | 6,014 |
| Other financial liabilities | - | 18,796 | - | 18,796 |
| | - | 18,796 | 6,014 | 24,810 |
| Total net financial assets/(liabilities) | 102,705 | (12,200) | 41,626 | 132,131 |

32. Financial risk management (cont'd)

(a) Market risk (cont'd)

(ii) Currency risk (cont'd)

The Company's currency exposure based on information provided to key management is as follows:

| | RMB S\$'000 | GBP S\$'000 | USD S\$'000 | Total S\$'000 |
|-------------------------------|----------------|----------------|----------------|------------------|
| Company 2022 | | | | |
| Financial assets: | | | | |
| Trade and other receivables | 10,027 | - | 407 | 10,434 |
| Other financial assets | - | - | 13,716 | 13,716 |
| Cash and cash equivalents | 382 | - | 124,139 | 124,521 |
| | 10,409 | - | 138,262 | 148,671 |
| Financial liabilities: | | | | |
| Trade and other payables | 184 | - | 1,348 | 1,532 |
| Other financial liabilities | - | - | 43 | 43 |
| | 184 | - | 1,391 | 1,575 |
| Total net financial assets | 10,225 | - | 136,871 | 147,096 |

| | RMB S\$'000 | GBP S\$'000 | USD S\$'000 | Total S\$'000 |
|-------------------------------|----------------|----------------|----------------|------------------|
| Company 2021 | | | | |
| Financial assets: | | | | |
| Trade and other receivables | 10,276 | - | 4,404 | 14,680 |
| Other financial assets | - | - | 14,738 | 14,738 |
| Cash and cash equivalents | 102,705 | 933 | 32,289 | 135,927 |
| | 112,981 | 933 | 51,431 | 165,345 |
| Financial liabilities: | | | | |
| Trade and other payables | - | - | 6,014 | 6,014 |
| | - | - | 6,014 | 6,014 |
| Total net financial assets | 112,981 | 933 | 45,417 | 159,331 |

32. Financial risk management (cont'd)

(a) Market risk (cont'd)

(ii) Currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before income tax to a reasonably possible change in the foreign currencies against the respective functional currencies of the Group entities, with all other variables held constant.

| | Increase/(decrease) Profit before income tax | |
|--------------------------------|---|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Group | | |
| USD | | |
| - Strengthened 10% (2021: 10%) | 13,737 | 4,163 |
| - Weakened 10% (2021: 10%) | (13,737) | (4,163) |
| RMB | | |
| - Strengthened 10% (2021: 10%) | (49) | 10,271 |
| - Weakened 10% (2021: 10%) | 49 | (10,271) |
| GBP | | |
| - Strengthened 10% (2021: 10%) | (936) | (1,220) |
| - Weakened 10% (2021: 10%) | 936 | 1,220 |

The following table demonstrates the sensitivity of the Company's profit before income tax to a reasonably possible change in the foreign currencies against the functional currencies of the Company, with all other variables held constant.

| | Increase/(decrease) Profit before income tax | |
|--------------------------------|---|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Company | | |
| USD | | |
| - Strengthened 10% (2021: 10%) | 13,687 | 4,542 |
| - Weakened 10% (2021: 10%) | (13,687) | (4,542) |
| RMB | | |
| - Strengthened 10% (2021: 10%) | 1,023 | 11,298 |
| - Weakened 10% (2021: 10%) | (1,023) | (11,298) |
| GBP | | |
| - Strengthened 10% (2021: 10%) | - | 93 |
| - Weakened 10% (2021: 10%) | - | (93) |

32. Financial risk management (cont'd)

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risks by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that credit review, which takes into account qualitative and quantitative factors like business performance and profile of the customers, is performed and approved by management before credit is granted. Customer's payment profile and credit exposures are monitored on an ongoing basis by the Financial Controller.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 30 to 120 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

32. Financial risk management (cont'd)

(b) Credit risk (cont'd)

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Trade receivables

The Group and the Company provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group and the Company's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region.

Summarised below is the information about the credit risk exposure on the Group and the Company's trade receivables using provision matrix:

| | Less than 30 days S\$'000 | 31 to 60 days S\$'000 | 61 to 90 days S\$'000 | More than 90 days S\$'000 | Total S\$'000 |
|-------------------------|------------------------------|--------------------------|--------------------------|------------------------------|------------------|
| Group | | | | | |
| 31 December 2022 | | | | | |
| Gross carrying amount | 491 | 18 | 382 | 1,881 | 2,772 |
| Allowance for ECL | - | - | - | (1,610) | (1,610) |
| Net carrying amount | 491 | 18 | 382 | 271 | 1,162 |
| Group | | | | | |
| 31 December 2021 | | | | | |
| Gross carrying amount | 101 | 31 | 43 | 1,988 | 2,163 |
| Allowance for ECL | - | - | - | (1,556) | (1,556) |
| Net carrying amount | 101 | 31 | 43 | 432 | 607 |

| | Less than 30 days S\$'000 | 31 to 60 days S\$'000 | 61 to 90 days S\$'000 | More than 90 days S\$'000 | Total S\$'000 |
|-------------------------|------------------------------|--------------------------|--------------------------|------------------------------|------------------|
| Company | | | | | |
| 31 December 2022 | | | | | |
| Gross carrying amount | 11,938 | 1,880 | 307 | 11,999 | 26,124 |
| Allowance for ECL | (59) | (43) | (40) | (11,739) | (11,881) |
| Net carrying amount | 11,879 | 1,837 | 267 | 260 | 14,243 |
| Company | | | | | |
| 31 December 2021 | | | | | |
| Gross carrying amount | 11,945 | 3,016 | 874 | 13,592 | 29,427 |
| Allowance for ECL | (1,133) | (1,273) | (874) | (13,592) | (16,872) |
| Net carrying amount | 10,812 | 1,743 | - | - | 12,555 |

32. Financial risk management (cont'd)

(b) Credit risk (cont'd)

Trade receivables (cont'd)

Information regarding loss allowance movement of trade and other receivables are disclosed in Note 21 to the financial statements.

Excessive risk concentration

Concentration risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profiles

The credit risk concentration profile of the Group's and Company's trade receivables due from third parties at the end of the reporting period is as follows:

| | Group | | Company | |
|--------------|-----------------|-----------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Top customer | 377 | 228 | 1 | 9 |

32. Financial risk management (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and Company's exposure to liquidity risks arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manages its liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions. In addition, the Group and Company also maintain surplus cash for future investment opportunities. As at 31 December 2022 and 2021, the Group has no outstanding loans and borrowings.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

| | Less than one year S\$'000 | One to five years S\$'000 | More than five years S\$'000 | Total S\$'000 |
|---|----------------------------------|---------------------------------|------------------------------------|------------------|
| Group | | | | |
| 31 December 2022 | | | | |
| Financial assets: | | | | |
| Trade and other receivables | 11,270 | - | - | 11,270 |
| Other financial assets | 13,716 | 1,985 | - | 15,701 |
| Cash and cash equivalents | 484,831 | - | - | 484,831 |
| | 509,817 | 1,985 | - | 511,802 |
| Financial liabilities: | | | | |
| Trade and other payables | 147,412 | - | - | 147,412 |
| Other financial liabilities | 43 | 11,401 | - | 11,444 |
| Lease liabilities | 5,897 | 15,624 | 2,185 | 23,706 |
| | 153,352 | 27,025 | 2,185 | 182,562 |
| Total net undiscounted financial assets/ (liabilities) | 356,465 | (25,040) | (2,185) | 329,240 |

32. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations: (cont'd)

| | Less than one year S\$'000 | One to five years S\$'000 | More than five years S\$'000 | Total S\$'000 |
|---|----------------------------------|---------------------------------|------------------------------------|------------------|
| Group | | | | |
| 31 December 2021 | | | | |
| Financial assets: | | | | |
| Trade and other receivables | 6,308 | - | - | 6,308 |
| Other financial assets | 14,469 | 5,931 | - | 20,400 |
| Cash and cash equivalents | 474,828 | - | - | 474,828 |
| | 495,605 | 5,931 | - | 501,536 |
| Financial liabilities: | | | | |
| Trade and other payables | 147,125 | - | - | 147,125 |
| Other financial liabilities | - | 18,796 | - | 18,796 |
| Lease liabilities | 5,016 | 8,880 | 2,240 | 16,136 |
| | 152,141 | 27,676 | 2,240 | 182,057 |
| Total net undiscounted financial assets/ (liabilities) | 343,464 | (21,745) | (2,240) | 319,479 |

| | Less than one year S\$'000 | One to five years S\$'000 | Total S\$'000 |
|---|----------------------------------|---------------------------------|------------------|
| Company | | | |
| 31 December 2022 | | | |
| Financial assets: | | | |
| Trade and other receivables | 27,159 | - | 27,159 |
| Other financial assets | 13,716 | - | 13,716 |
| Cash and cash equivalents | 270,046 | - | 270,046 |
| | 310,921 | - | 310,921 |
| Financial liabilities: | | | |
| Trade and other payables | 48,288 | - | 48,288 |
| Other financial liabilities | 43 | - | 43 |
| Lease liabilities | 2,531 | 7,077 | 9,608 |
| | 50,862 | 7,077 | 57,939 |
| Total net undiscounted financial assets/ (liabilities) | 260,059 | (7,077) | 252,982 |

32. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations: (cont'd)

| | Less than one year S\$'000 | One to five years S\$'000 | Total S\$'000 |
|---|-------------------------------|------------------------------|------------------|
| Company | | | |
| 31 December 2021 | | | |
| Financial assets: | | | |
| Trade and other receivables | 19,082 | - | 19,082 |
| Other financial assets | 14,469 | 269 | 14,738 |
| Cash and cash equivalents | 298,149 | - | 298,149 |
| | 331,700 | 269 | 331,969 |
| Financial liabilities: | | | |
| Trade and other payables | 58,798 | - | 58,798 |
| Lease liabilities | 1,431 | 1,041 | 2,472 |
| | 60,229 | 1,041 | 61,270 |
| Total net undiscounted financial assets/(liabilities) | 271,471 | (772) | 270,699 |

Undrawn available credit facilities

At the end of the reporting period, the Group has undrawn available credit facilities with certain banks of S\$86,844,000 (2021: S\$28,399,000). The undrawn credit facilities are available for operating activities and to settle other commitments. Credit facilities are maintained to ensure funds are available for the operations.

The following assets are pledged to banks to secure bank facilities granted by the bank as at 31 December 2022:

- Other financial assets of the Company at carrying value of S\$2,194,000 (31 December 2021: S\$2,260,000); and
- Certain fixed deposits of the Group of S\$3,000,000 (31 December 2021: S\$1,500,000).

32. Financial risk management (cont'd)

(d) Capital risk

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 2021 respectively.

In order to maintain its listing on the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Company has to have share capital with at least a free float of 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the financial year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the financial year.

As disclosed in Note 29 to the financial statements, certain subsidiary corporations of the Group are required by the respective regulations in the People's Republic of China (PRC) and Taiwan to contribute to and maintain a non-distributable statutory reserve fund whose utilization is subject to approval by the relevant authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary corporations for the financial years ended 31 December 2022 and 2021 respectively.

Management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

The Group does not have bank borrowings as at 31 December 2022 and 2021 respectively. As such, the debt-to-adjusted capital ratio may not provide a meaningful indicator of the risk from borrowings.

(e) Fair value measurement

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value measurement disclosure of other financial assets that are recognised or measured at fair value, can be found, Note 19 to the financial statements.

32. Financial risk management (cont'd)

(e) Fair value measurement (cont'd)

There were no transfers between the levels of fair value measurements during the financial years ended 31 December 2022 and 2021 respectively.

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:

| | Quoted prices in active markets for identical instruments (Level 1) S\$'000 | Significant unobservable inputs (Level 3) S\$'000 |
|---|--|--|
| Group 2022 | | |
| Recurring fair value measurements assets: | | |
| Other financial assets (Note 19) | | |
| - Financial instruments at FVPL | 13,448 | - |
| - Call option - Pedal Pulses Ltd. | - | 1,985 |
| Recurring fair value measurements liabilities: | | |
| Other financial liabilities (Note 26) | | |
| - Fair value loss on forward contract | - | (43) |
| - Put option - Pedal Pulses Ltd. | - | (11,401) |
| 2021 | | |
| Recurring fair value measurements assets: | | |
| Other financial assets (Note 19) | | |
| - Financial instruments at FVPL | 14,199 | - |
| - Call option - Pedal Pulses Ltd. | - | 5,662 |
| Recurring fair value measurements liabilities: | | |
| Other financial liabilities (Note 26) | | |
| - Put option - Pedal Pulses Ltd. | - | (18,796) |

32. Financial risk management (cont'd)

(e) Fair value measurement (cont'd)

(i) Information about significant unobservable inputs used in level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

| Financial instrument | Valuation techniques | Unobservable inputs | Average Rate | |
|---------------------------------|----------------------------|---------------------|--------------|--------|
| | | | 2022 % | 2021 % |
| Call option - Pedal Pulses Ltd. | Black-Scholes-Merton model | Risk-free rate | 3.48 | 0.73 |
| | | Spread | 2.00 | 2.00 |
| | | Volatility rate | 32.00 | 37.80 |
| Put option - Pedal Pulses Ltd. | Black-Scholes-Merton model | Risk-free rate | 3.28 | 0.73 |
| | | Spread | 2.00 | 2.00 |
| | | Volatility rate | 32.00 | 37.80 |

Relationship of unobservable inputs to fair value

Call option - Pedal Pulses Ltd.

An increase/decrease in risk-free rate would result in an increase/decrease in fair value of the asset.

An increase/decrease in spread would result in a decrease/increase in fair value of the asset.

An increase/decrease in volatility rate would result in an increase/decrease in fair value of the asset.

Put option - Pedal Pulses Ltd.

An increase/decrease in risk-free rate would result in a decrease/increase in fair value of the liability.

An increase/decrease in spread would result in an increase/decrease in fair value of the liability.

An increase/decrease in volatility rate would result in an increase/decrease in fair value of the liability.

32. Financial risk management (cont'd)

(e) Fair value measurement (cont'd)

(ii) 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):

| | Fair value measurements at the reporting date using significant unobservable inputs (Level 3) | | |
|--|---|-----------------------------------|----------|
| | Call option – Pedal Pulses Ltd. | Put option – Pedal Pulses Ltd. | Total |
| | S\$'000 | S\$'000 | S\$'000 |
| Group 2022 | | | |
| Beginning of financial year | 5,662 | (18,796) | (13,134) |
| Fair value change recognised in profit or loss | (3,288) | 5,623 | 2,335 |
| Foreign exchange adjustment | (389) | 1,772 | 1,383 |
| End of financial year | 1,985 | (11,401) | (9,416) |
| Group 2021 | | | |
| Beginning of financial year | 4,585 | (32,798) | (28,213) |
| Fair value change recognised in profit or loss | 934 | 15,283 | 16,217 |
| Foreign exchange adjustment | 143 | (1,281) | (1,138) |
| End of financial year | 5,662 | (18,796) | (13,134) |

32. Financial risk management (cont'd)

(e) Fair value measurement (cont'd)

(iii) 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:

| | Quoted prices in active markets for identical assets (Level 1) S\$'000 | Significant unobservable inputs (Level 3) S\$'000 | Fair value total S\$'000 | Carrying amount S\$'000 |
|---|---|--|-----------------------------|----------------------------|
| Group 2022 | | | | |
| Assets | | | | |
| Investment property (Note 13) | - | 3,700 | 3,700 | 1,073 |
| Other financial assets (Note 19) | | | | |
| - Financial instruments at amortised cost | 272 | - | 272 | 268 |
| Group 2021 | | | | |
| Assets | | | | |
| Investment property (Note 13) | - | 3,100 | 3,100 | 1,091 |
| Other financial assets (Note 19) | | | | |
| - Financial instruments at amortised cost | 529 | - | 529 | 539 |

Determination of fair value

| Description | Valuation techniques | Unobservable inputs | Range |
|---------------------|--------------------------|-----------------------|----------------------|
| 2022 | | | |
| Investment property | Direct comparison method | Price per square foot | S\$2,186 to S\$2,888 |
| 2021 | | | |
| Investment property | Direct comparison method | Price per square foot | S\$1,895 to S\$2,084 |

32. Financial risk management (cont'd)

(e) Fair value measurement (cont'd)

(iii) Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)

As at the end of the reporting period, a 10% variation from the estimated price per square foot with all other variables held constant would increase/decrease the fair value of the investment property by S\$370,000 (2021: S\$310,000).

Management has determined that the carrying amounts of cash and cash equivalents, other financial assets, other assets, trade and other receivables, lease liabilities (current), trade and other payables, contract liabilities and other financial liabilities, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature. The carrying amount of the non-current portion of these financial instruments are either not material or are reasonable approximation of fair values as their interest rate approximates the market lending rate.

(f) Financial instruments by category

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

| | Note | Group | | Company | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | | 2022 S\$'000 | 2021 S\$'000 | 2022 S\$'000 | 2021 S\$'000 |
| Financial assets: | | | | | |
| <i>Financial assets at fair value through profit or loss</i> | | | | | |
| Other financial assets | 19 | 15,433 | 19,861 | 13,448 | 14,199 |
| <i>Financial assets at amortised cost</i> | | | | | |
| Cash and cash equivalents | 23 | 484,831 | 474,828 | 270,046 | 298,149 |
| Other financial assets | 19 | 268 | 539 | 268 | 539 |
| Trade and other receivables | 21 | 11,270 | 6,308 | 27,159 | 19,082 |
| Total financial assets at amortised cost | | 496,369 | 481,675 | 297,473 | 317,770 |
| Total financial assets | | 511,802 | 501,536 | 310,921 | 331,969 |
| Financial liabilities: | | | | | |
| <i>Financial liabilities at fair value through profit or loss</i> | | | | | |
| Other financial liabilities | 26 | 11,444 | 18,796 | 43 | - |
| <i>Financial liabilities at amortised cost</i> | | | | | |
| Trade and other payables | 24 | 147,412 | 147,125 | 48,288 | 58,798 |
| Lease liabilities | 25 | 20,656 | 14,062 | 8,372 | 2,388 |
| Total financial liabilities at amortised cost | | 168,068 | 161,187 | 56,660 | 61,186 |
| Total financial liabilities | | 179,512 | 179,983 | 56,703 | 61,186 |

33. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (i) The direct selling segment mainly comprises sales to customers through retail and online channels in Singapore, Malaysia, Indonesia, Thailand, Taiwan, Hong Kong, Vietnam, Philippines, Korea, Australia, New Zealand, United States and United Arab Emirates;
- (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 at wholesale price.
- (iii) The other segment comprises sales to customers at export retail price through retailers in the Myanmar and the manufacturing/wholesale segment comprises sales of health supplements manufactured by the Group's Hangzhou factory to wholesalers all over the People's Republic of China.

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

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

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

33. Segment information (cont'd)

| | Direct selling S\$'000 | Franchise S\$'000 | Others S\$'000 | Group S\$'000 |
|--|---------------------------|----------------------|-------------------|------------------|
| 31 December 2022 | | | | |
| Revenue: | | | | |
| Sales to external customers (Note A) | 265,084 | 291,562 | 702 | 557,348 |
| Results: | | | | |
| Recurring EBITDA (Note B) | 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 an associate | - | - | (299) | (299) |
| Share of results of a joint venture | - | - | 694 | 694 |
| Segment profit | 75,570 | 133,508 | (20,415) | 188,663 |
| Income tax expense | | | | (52,404) |
| Net profit for the financial year | | | | 136,259 |
| Assets: | | | | |
| Segment assets (Note C) | 243,031 | 303,032 | 88,180 | 634,243 |
| Unallocated assets (Note D) | | | | 105,843 |
| Total assets | | | | 740,086 |
| Liabilities: | | | | |
| Segment liabilities (Note E) | (42,215) | (163,091) | (9,918) | (215,224) |
| Unallocated liabilities (Note F) | | | | (41,216) |
| Total liabilities | | | | (256,440) |
| Other information: | | | | |
| Investment in an associate | - | - | 4,691 | 4,691 |
| Investment in a joint venture | - | - | 25,600 | 25,600 |
| Additions to property, plant and equipment | 2,165 | 603 | 11,915 | 14,683 |
| Additions to intangible assets | 17 | 6 | - | 23 |

33. Segment information (cont'd)

| | Direct selling S\$'000 | Franchise S\$'000 | Others S\$'000 | Group S\$'000 |
|--|---------------------------|----------------------|-------------------|------------------|
| 31 December 2021 | | | | |
| Revenue: | | | | |
| Sales to external customers (Note A) | 292,849 | 286,074 | 1,113 | 580,036 |
| Results: | | | | |
| Recurring EBITDA (Note B) | 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 an associate | - | - | (183) | (183) |
| Share of results of a joint venture | - | - | 646 | 646 |
| Segment profit | 92,535 | 118,791 | 1,000 | 212,326 |
| Income tax expense | | | | (58,373) |
| Net profit for the financial year | | | | 153,953 |
| Assets: | | | | |
| Segment assets (Note C) | 311,337 | 302,090 | 29,448 | 642,875 |
| Unallocated assets (Note D) | | | | 121,881 |
| Total assets | | | | 764,756 |
| Liabilities: | | | | |
| Segment liabilities (Note E) | (57,870) | (128,053) | (15,535) | (201,458) |
| Unallocated liabilities (Note F) | | | | (57,550) |
| Total liabilities | | | | (259,008) |
| Other information: | | | | |
| Investment in an associate | - | - | 4,990 | 4,990 |
| Investment in a joint venture | - | - | 38,335 | 38,335 |
| Additions to property, plant and equipment | 564 | 235 | 33,622 | 34,421 |
| Additions to intangible assets | 30 | 10 | - | 40 |

33. Segment information (cont'd)

Notes:

- (a) Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.
- (b) Management reporting system evaluates performances mainly based on a measure of earnings before depreciation, amortisation, interests and income taxes (called "Recurring EBITDA").
- (c) Segment assets consist principally property, plant and equipment, intangible assets, right-of-use assets, inventories, trade receivables and cash and cash equivalents.
- (d) The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

| | Group | |
|-------------------------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Deferred tax assets | 11,461 | 22,144 |
| Investment property | 1,073 | 1,091 |
| Other intangible asset | 7,629 | 7,871 |
| Investment in a joint venture | 25,600 | 38,335 |
| Investment in an associate | 4,691 | 4,990 |
| Other financial assets | 15,701 | 20,400 |
| Other assets | 28,888 | 20,657 |
| Other unallocated amounts | 10,800 | 6,393 |
| Total | 105,843 | 121,881 |

- (e) Segment liabilities consist principally trade and other payables (excluding deferred grant income), contract liabilities, lease liabilities, other financial liabilities and provisions.
- (f) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

| | Group | |
|-----------------------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Other financial liabilities | (11,444) | (18,796) |
| Deferred tax liabilities | (9,798) | (12,346) |
| Income tax payable | (19,974) | (26,408) |
| Total | (41,216) | (57,550) |

33. Segment information (cont'd)

Geographical information

The Group's operations are located in Singapore, Taiwan, People's Republic of China, Indonesia, Philippines, Thailand, Malaysia, Hong Kong, Vietnam, Myanmar, Korea and United Arabs Emirates.

The Group's revenue by geographical location of customers, irrespective of the origin of the goods and services and disclosed in Note 4 to the financial statements.

The following table provides an analysis of the Group's non-current assets by geographical location in which the assets are located:

| | Group Non-current assets | |
|----------------------------|-----------------------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Singapore | 91,297 | 76,057 |
| People's Republic of China | 9,091 | 8,512 |
| Malaysia | 868 | 1,217 |
| Taiwan | 1,576 | 1,557 |
| Other countries | 1,522 | 1,470 |
| Unallocated amounts | 30,291 | 43,325 |
| Total | 134,645 | 132,138 |

Non-current assets information presented above consist of property, plant and equipment, investment property, right-of-use assets, intangible assets, other intangible asset, investment in a joint venture and investment in an associate as presented in the consolidated statement of financial position.

The following items are included within unallocated amounts:

| | Group | |
|-------------------------------|-----------------|-----------------|
| | 2022 S\$'000 | 2021 S\$'000 |
| Investment in an associate | 4,691 | 4,990 |
| Investment in a joint venture | 25,600 | 38,335 |
| Total | 30,291 | 43,325 |

Information about a major customer

Revenue from one major customer under the franchise segment amounted to S\$86,845,000 (2021: S\$142,086,000), which is more than 10% of the Group's revenue.

34. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2023 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The amendments to SFRS(I) 1-12 *Income Taxes* require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

SFRS(1) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group does not expect any significant impact arising from applying these amendments.

35. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Best World International Limited on 29 March 2023.



STATISTICS OF SHAREHOLDINGS

BEST WORLD INTERNATIONAL LIMITED (Registration No: 199006030Z)

Statistics of Shareholdings As at 17 March 2023

SHARE CAPITAL

| | | |
|---|---|---|
| Issued and fully paid-up Share Capital | : | S\$20,773,279.883 |
| Class of Shares | : | Ordinary Shares |
| Voting Right | : | one vote for every ordinary share (excluding treasury share) |
| Number of issued shares excluding treasury shares | : | 434,792,193 |
| Number of treasury shares | : | 16,220,800 |
| Percentage of treasury shares | : | 3.60% |
| The Company has no *subsidiary holdings. | | |

*subsidiary holdings – as defined in the SGX-ST Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 17 MARCH 2023

| SIZE OF SHAREHOLDINGS | | | NO. OF SHAREHOLDERS | | NO. OF SHARES | |
|-----------------------|---|-----------|---------------------|---------------|--------------------|---------------|
| | | % | | % | | % |
| 1 | - | 99 | 95 | 3.99 | 4,571 | 0.00 |
| 100 | - | 1,000 | 413 | 17.36 | 230,559 | 0.05 |
| 1,001 | - | 10,000 | 1,187 | 49.90 | 5,402,716 | 1.24 |
| 10,001 | - | 1,000,000 | 653 | 27.45 | 44,858,977 | 10.32 |
| 1,000,001 | - | and above | 31 | 1.30 | 384,295,370 | 88.39 |
| Total | | | 2,379 | 100.00 | 434,792,193 | 100.00 |

MAJOR PROPERTIES OF THE GROUP

Locations:

Blk 726 Ang Mo Kio Avenue 6
#01-4150, Singapore 560726

Description:
2-storey building
Existing Use:
Investment property
Tenure of Land:
Leasehold land
Expiring:
1 October 2079

No. 11 Jalan Radin Anum,
Bandar Baru Seri Petaling 57000,
Kuala Lumpur, Malaysia

Description:
4-storey building
Existing Use:
Office and Business Centre
Tenure of Land:
Leasehold land
Expiring:
5 April 2078

11 Tuas Basin Link
Singapore 638755

Description:
5-storey production building
Existing Use:
Manufacturing and Warehousing
Tenure of Land:
Leasehold land
Expiring:
15 July 2054

20 LARGEST SHAREHOLDERS AS AT 17 MARCH 2023

| | SHAREHOLDER'S NAME | NO. OF SHARES | % |
|----|--|--------------------|--------------|
| 1 | D2 INVESTMENT PTE LTD | 192,787,500 | 44.34 |
| 2 | DORA HOAN BENG MUI | 32,330,000 | 7.44 |
| 3 | DOREEN TAN NEE MOI | 31,380,000 | 7.22 |
| 4 | MAYBANK SECURITIES PTE. LTD. | 29,118,693 | 6.70 |
| 5 | HUANG BAN CHIN | 23,300,000 | 5.36 |
| 6 | CITIBANK NOMINEES SINGAPORE PTE LTD | 11,438,004 | 2.63 |
| 7 | RAFFLES NOMINEES (PTE) LIMITED | 8,660,912 | 1.99 |
| 8 | DBS NOMINEES PTE LTD | 8,060,723 | 1.85 |
| 9 | NG SEOW YUEN (HUANG XIAOYAN) | 5,228,800 | 1.20 |
| 10 | HSBC (SINGAPORE) NOMINEES PTE LTD | 4,613,115 | 1.06 |
| 11 | MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD | 4,109,772 | 0.95 |
| 12 | CHANG GRACE SHAIN-JOU | 3,000,000 | 0.69 |
| 13 | WEE KWEE HUAY HELENE | 2,873,124 | 0.66 |
| 14 | PHILLIP SECURITIES PTE LTD | 2,829,751 | 0.65 |
| 15 | KGI SECURITIES (SINGAPORE) PTE. LTD | 2,260,500 | 0.52 |
| 16 | DB NOMINEES (SINGAPORE) PTE LTD | 2,179,304 | 0.50 |
| 17 | DBSN SERVICES PTE LTD | 2,150,488 | 0.49 |
| 18 | LEONG CHAN TEIK | 1,911,000 | 0.44 |
| 19 | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD | 1,892,400 | 0.44 |
| 20 | LEE SIN PIN OR NG SUAY LAN | 1,670,000 | 0.38 |
| | Total | 371,794,086 | 85.51 |

SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2023

as shown in the Company's Register of Substantial Shareholders

| NAME OF SUBSTANTIAL SHAREHOLDERS | SHAREHOLDING REGISTERED IN NAME OF SUBSTANTIAL SHAREHOLDERS | | OTHER SHAREHOLDINGS IN WHICH SUBSTANTIAL SHAREHOLDERS ARE DEEMED TO HAVE AN INTEREST | |
|----------------------------------|---|--------------------|--|--------------------|
| | NO. OF SHARES | % OF ISSUED SHARES | NO. OF SHARES | % OF ISSUED SHARES |
| D2 Investment Pte Ltd | 192,787,500 | 44.34 | - | - |
| Dora Hoan Beng Mui | 32,330,000 | 7.44 | 193,037,500 ⁽¹⁾ | 44.40 |
| Doreen Tan Nee Moi | 31,380,000 | 7.22 | 193,037,500 ⁽²⁾ | 44.40 |
| Ng Seow Yuen | 5,228,800 | 1.20 | 16,582,000 ⁽³⁾ | 3.81 |

Notes:-

⁽¹⁾ This represents Hoan Beng Mui, Dora's deemed interest of 193,037,500 shares held in the name of the following:-

- a) 192,787,500 shares held by D2 Investment Pte Ltd (a 50% owned private limited company); and
- b) 250,000 shares held by Li Lihui (an immediate family member)

⁽²⁾ This represents Tan Nee Moi, Doreen's deemed interest of 193,037,500 shares held in the name of the following:-

- c) 192,787,500 shares held by D2 Investment Pte Ltd (a 50% owned private limited company); and
- d) 250,000 shares held by Pek Jia Rong (an immediate family member).

⁽³⁾ This represents Ng Seow Yuen's deemed interest of 16,582,000 shares held in the name of Maybank Securities Pte Ltd.

Public Shareholdings

Based on the information provided to the Company as at 17 March 2023, approximately 30.47% of the total number of issued shares of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

BEST WORLD INTERNATIONAL LIMITED

(Company Registration No. 199006030Z)

(Incorporated in the Republic of Singapore)

This Notice has been made available on SGXNet and the Company's website at <https://bestworld.listedcompany.com/ar.html>. Physical copies of this Notice will NOT be despatched to members.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Best World International Limited (the "**Company**") will be held via electronic means on Thursday, 27 April 2023 at 10.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2022, the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**
2. To approve payment of Directors' fees of S\$245,000 for the financial year ended 31 December 2022 (31 December 2021: S\$242,000) **(Resolution 2)**
- 3(a) That Dr. Dora Hoan Beng Mui be and is hereby re-elected as a Director of the Company in accordance with Rule 720(5) of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**"). **(Resolution 3)**
[See Explanatory Note (A) below]
- 3(b) To re-elect Mr Adrian Chan Pengee who retires pursuant to Regulation 93 of the Company's Constitution. **(Resolution 4)**
Mr Adrian Chan Pengee will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and he will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
[See Explanatory Note (A) below]
4. To re-appoint CLA Global TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**
5. To transact any other ordinary business that may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. Authority to Issue Shares pursuant to the Share Issue Mandate
"That pursuant to Section 161 of the Companies Act 1967 (the "**Companies Act**"), and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:
 - (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
 - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "**Instruments**") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
 - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit; and
 - (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,provided always that
the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company, and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for:
 - a) new shares arising from the conversion or exercise of convertible securities which were issued and are outstanding or subsisting at the time this Resolution is passed;
 - b) new shares arising from exercising share options or vesting of share awards which were issued and are outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and
 - c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 6)**

7. The Proposed Renewal of the Share Buyback Mandate
- “That: -
- (a) for the purposes of the Companies Act 1967 (Singapore) (the “**Companies Act**”), the exercise by the directors of the Company (“**Directors**”) of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company (“**Shares**”) not exceeding in aggregate the Prescribed Limit (as herein defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as herein defined) whether by way of:
- (i) market purchases (each a “**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and/or
- (ii) off-market purchases (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,
- and otherwise in accordance with all laws, regulations and the Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);
- (b) the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of passing of this Resolution and expiring on the earlier of:
- (i) the date on which the next annual general meeting of the Company (“**AGM**”) is held or is required by law to be held;
- (ii) the date on which the Share buybacks pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;
- (c) in this Resolution:
- (i) “**Prescribed Limit**” means 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered, excluding any subsidiary holdings and treasury shares, that may be held by the Company from time to time;
- (ii) “**Relevant Period**” means the period commencing from the date of passing of this Resolution and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier;
- (iii) “**Maximum Price**” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:
- (1) in the case of a Market Purchase: 105% of the Average Closing Price; and
- (2) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, in the case of a Market Purchase, preceding the date of the Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant 5-day period and the date of the Market Purchase, or in the case of an Off-Market Purchase, preceding the date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating therein the relevant terms of the equal access effecting the Off-Market Purchase; and

- (d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.” **(Resolution 7)**

By Order of the Board

Huang Ban Chin
Director and Chief Operating Officer

Dated: 12 April 2023

Explanatory Note:

(A) Resolutions 3 and 4

In relation to Ordinary Resolutions 3 and 4 proposed in item 3(a) and 3(b) above, the detailed information on Dr Dora Hoan Beng Mui and Mr Adrian Chan Pengee is set out in the section entitled “Board of Directors”, Table 2 in the Corporate Governance Report and “Additional Information on Directors Seeking Re-election” of the Company’s 2022 Annual Report.

Dr Dora Hoan Beng Mui is the Executive Director and controlling shareholder of the Company.

There are no relationships (including immediate family relationships) between Mr Adrian Chan Pengee and the Company, its related corporations, its substantial shareholders or its officers.

STATEMENT PURSUANT TO REGULATION 52 OF THE COMPANY’S CONSTITUTION

The effect of the resolutions under the heading “Special Business” in this Notice of the Annual General Meeting is:-

Ordinary Resolution 6 proposed in item 6 above, if passed, will authorise and empower the Directors of the Company from the date of the above Annual General Meeting until the next Annual General Meeting to issue shares in the capital of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) up to an amount not exceeding in aggregate 50% of the total number of issued

shares (excluding treasury shares and subsidiary holdings) in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

For the purpose of Ordinary Resolution 6, the total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards which were issued and are outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Ordinary Resolution 7 proposed in item 7 above, will empower the Directors from the date of the AGM to purchase or otherwise acquire Shares by way of Market Purchases or Off-Market Purchases, provided that the aggregate number of Shares to be purchased or acquired under the Share Buyback Mandate does not exceed the Prescribed Limit, and at such price(s) as may be determined by the Directors of the Company from time to time up to but not exceeding the Maximum Price. The information relating to this proposed Ordinary Resolution is set out in the Appendix.

Notes:

Alternative arrangements relating to, amongst others, attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via a live webcast and audio feed), submission of questions in advance of or during the AGM, addressing of substantial and relevant questions received, and voting at the AGM, are set out in the accompanying Company's announcement dated 12 April 2023. This announcement may be accessed on SGXNet and the Company's website at <https://bestworld.listedcompany.com/newsroom.html>.

A member (other than a relevant intermediary (as defined below)) entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her/its stead. A proxy need not be a member of the Company.

The instrument appointing a proxy must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

The instrument appointing a proxy must be deposited at the Headquarters office of the Company, Best World International Limited, 20 Pasir Panjang Road #08-28 Mapletree Business City Singapore 117439; or electronically via email to the Company at IR@bestworld.com.sg not later than 72 hours before the time appointed for the holding of the AGM.

Pursuant to Section 181 of the Companies Act 1967 of Singapore, any member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM. Relevant intermediary is either:

- a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act 1953 of Singapore (the "CPF Act"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Shareholder of the Company (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of a proxy(ies) and/or representative(s) for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Dora Hoan Beng Mui and Adrian Chan Pengee are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on Thursday, 27 April 2023 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

| Appendix 7.4.1 Disclosure | Dora Hoan Beng Mui | Adrian Chan Pengee |
|---|---|--|
| Date of Initial Appointment | 11 December 1990 | 3 January 2018 |
| Date of last re-appointment | 26 February 2021 | 26 February 2021 |
| Age | 69 | 58 |
| Country of principal residence | Singapore | Singapore |
| The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The re-election of Dora Hoan Beng Mui as the Executive Director was recommended by the Nominating Committee (“NC”) and the Board has accepted the recommendation after taking into consideration her qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company. | The re-election of Adrian Chan Pengee as the Non-Executive Independent Director was recommended by the Nominating Committee (“NC”) and the Board has accepted the recommendation after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. |

| Appendix 7.4.1 Disclosure | Dora Hoan Beng Mui | Adrian Chan Pengee |
|---|---|---|
| Whether appointment is executive, and if so, the area of responsibility | Executive As Co-Chairman, Group CEO / Managing Director, Dora provides leadership to the Board in her Chairman role and also presents the Board’s views and decisions to the public. As Group CEO, she is responsible for the day-to-day running of the Group and ensures that the Board’s decisions and strategies are translated to the working level. | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Executive Director Nominating Committee member | Non-Executive, Independent Director, Remuneration Committee Chairman, Audit Committee member and Nominating Committee member. |
| Professional qualifications | Bachelor’s Degree in History, Nanyang University, Singapore MBA, National University of Singapore | LLB (Hons), National University of Singapore |
| Working experience and occupation(s) during the past 10 years | As Co-founder of the Group since inception, Dora Hoan Beng Mui steers the strategic direction and vision of the Group. | 1989 till Present Senior Partner and Head of Corporate Department, Lee & Lee |
| Shareholding interest in the listed issuer and its subsidiaries | <ul style="list-style-type: none"> 32,330,000 shares (direct interest) 193,037,500 shares (deemed interest) | None |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries. | Dora Hoan Beng Mui is a controlling shareholder of the Company. Together with Doreen Tan Nee Moi and D2 Investment Pte Ltd, they are concert parties pursuant to a shareholders’ agreement dated 23 September 2005. Dora Hoan Beng Mui is the mother of Li Lihui who is alternate director to her. | None |
| Conflict of Interest (including any competing business) | No | No |

| Appendix 7.4.1 Disclosure | Dora Hoan Beng Mui | Adrian Chan Pengee |
|---|--|---|
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes |
| Other Principal Commitments* Including Directorships# Past (for the last 5 years) | Nil | <ol style="list-style-type: none"> 1. Global Investments Limited 2. Yoma Strategic Holdings Ltd. 3. AEM Holdings Ltd 4. CapitaLand Ascendas REIT Management Limited (f.k.a. Ascendas Funds Management (S) Limited) |
| Present | <ol style="list-style-type: none"> 1 Director, Best World International Limited 2 Secretary, World Federation of Direct Selling Associations 3 Chairman, Direct Sellin Association of Singapore 4 Chairman, World Learner Exchange Program Committee 5 Co-Chairman, SPBA Lianhe Zaobao China Prestige Brand Award 6 Past President & Council Member, ASME 7 Chairman, ASME Mandarin Chapter 8 Vice Chairman, Radin Mas CCC | <ol style="list-style-type: none"> 1. Director, Best World International Limited 2. Director, Food Empire Holdings Limited 3. Director, Hong Fok Corporation Limited 4. Director, First REIT Management Limited 5. Director, Keppel Infrastructure Fund Management Pte. Ltd. 6. Head of Corporate and Senior Partner, Lee & Lee 7. Director, Shared Services for Charities Limited 8. Director, Azalea Asset Management Pte Ltd 9. Vice-Chairman, Singapore Institute of Directors 10. Honorary Secretary, Association of Small and Medium Enterprises 11. Member, Legal Service Commission 12. Council Member, Law Society of Singapore 13. Member, Singapore Management University's Enterprise Board 14. Member, SGX Catalist Advisory Panel |

* "Principal Commitments" has the same meaning as defined in the Code.

These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

| Appendix 7.4.1 Disclosure | Dora Hoan Beng Mui | Adrian Chan Pengee |
|--|--------------------|--|
| a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | Yes He was a nominee director of International Stream Investments Pte. Ltd, Al Mirage Property Holding Pte.Ltd. and Al Mirage Leisure Holding Pte. Ltd. which were Singapore companies that were dissolved pursuant to voluntary winding up proceedings commenced by him in 2013. |
| b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No |
| c) Whether there is any unsatisfied judgment against him? | No | No |
| d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No |

| Appendix 7.4.1 Disclosure | Dora Hoan Beng Mui | Adrian Chan Pengee |
|---|--------------------|--------------------|
| e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No |
| f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No |
| g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No |
| h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No |

| Appendix 7.4.1 Disclosure | Dora Hoan Beng Mui | Adrian Chan Pengee |
|---|---|--|
| i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No |
| <p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p> | <p>She is the Co-founder, Co-Chairman and Group CEO and Managing Director of Best World International Limited, a listed company in Singapore, which announced previously that the Company has appointed an Independent Reviewer on 19 March 2019 to validate the Company's sales under Franchise Model. Based on the Notice of Compliance ("NOC") received on 6 February 2020, the SGX RegCo has highlighted regulatory concerns with the Company in the previous NOC dated 13 May 2019 which include, inter alia, the veracity of the Group's sales in China under the Export Model from Financial Years ended 31 December 2015 to 2018 and whether these sales were conducted on normal commercial terms.</p> | <p>He was a non-executive independent director of AEM Holdings Limited, a listed company in Singapore, which announced in May 2007 that seven of its employees (including the then Chief Executive Officer) were under investigation by the CPIB and he had assisted the CPIB in their investigations. The then Chief Executive Officer was eventually charged and convicted for corruption in 2012.</p> <p>He is currently a non-executive independent director of Best World International Limited, a listed company in Singapore, which previously announced that the Company has appointed an Independent Reviewer on 19 March 2019 to validate the Company's sales under Franchise Model. Based on Notice of Compliance ("NOC") received on 6 February 2020, the SGX RegCo has highlighted regulatory concerns with the Company in the previous NOC dated 13 May 2019 which include, inter alia, the veracity of the Group's sales in China under the Export Model from Financial Years ended 31 December 2015 to 2018 and whether these sales were conducted on normal commercial terms.</p> |

| Appendix 7.4.1 Disclosure | Dora Hoan Beng Mui | Adrian Chan Pengee |
|---|--------------------|--------------------|
| <p>k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p> | No | No |
| Disclosure applicable to the appointment of Director only. | | |
| <p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p> | NA | NA |



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