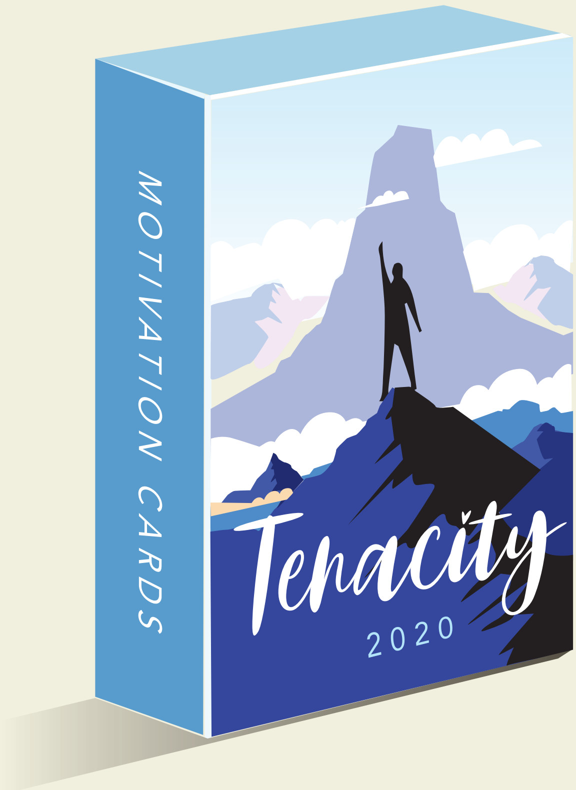
MOTIVATION CARDS
Tenacity
2020


We are in this Together
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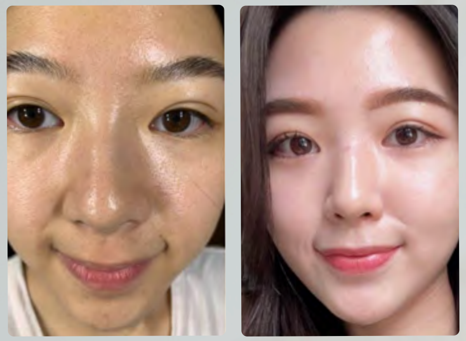
DR's Secret
Aqua Boost Serum

You are beautiful

OUR TESTIMONIALS

Before After



DR's Secret

"To date I've used DR's Secret for more than 1.5 years, which means that I've gone foundation free for 1.5 years too. My favourites are Skinlight T3 and Skinrecon T4 as they have helped me progress towards radiant, glowing skin. "
- Yi Wen

Before After

DR's Secret

"My family and friends saw the improvements to my skin and they too wanted to try. Eventually, they also resolved their years of skin troubles with DR's Secret and are now more confident. I'm really thankful that I got to know DR's Secret and am now able to confidently go foundation free."
- Jessie

Before After

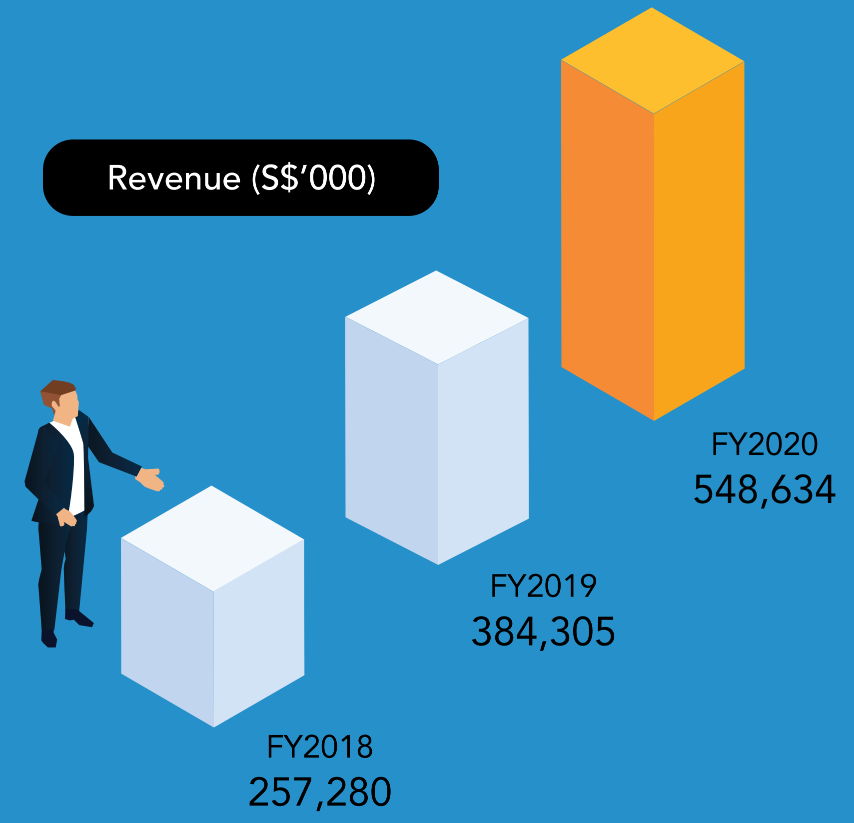
DR's Secret

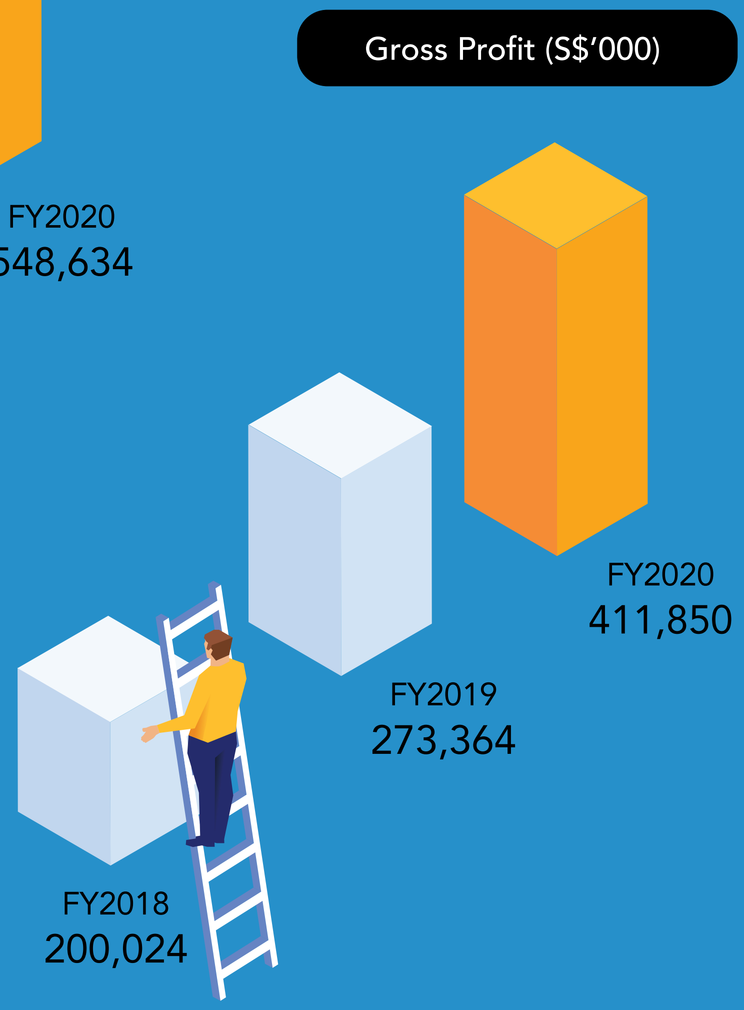
"My skin used to be very dry and dull with acne problems. I started to see skin improvements after 1 month of using DR's Secret. My skin felt more hydrated, looked brighter and was less bumpy. The products helped to improve the skin issues that I've never been able to resolve." – Elena

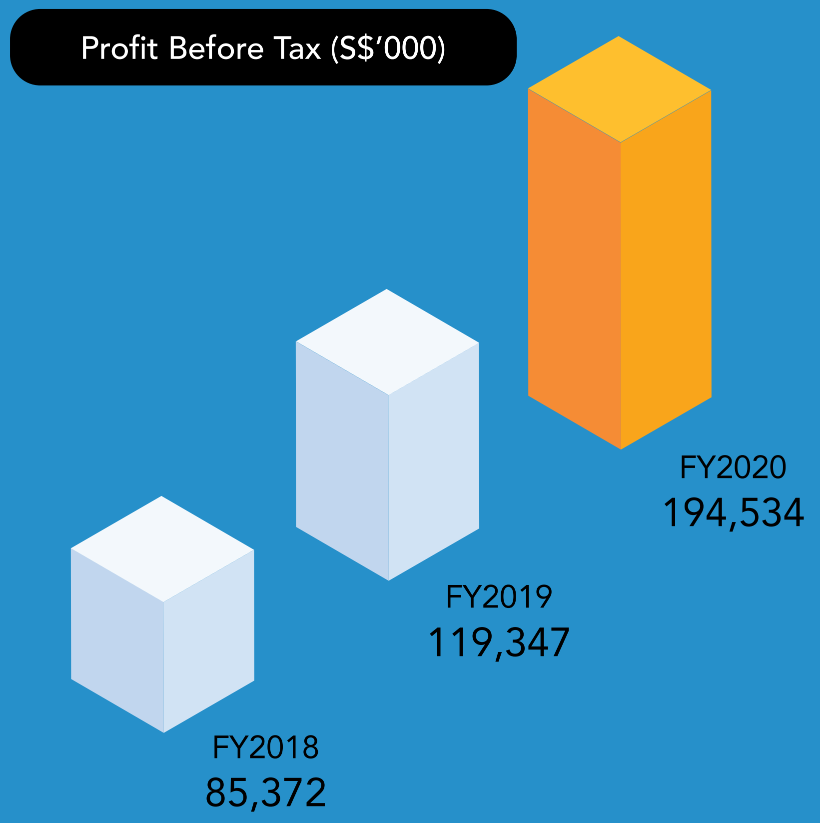
Before After

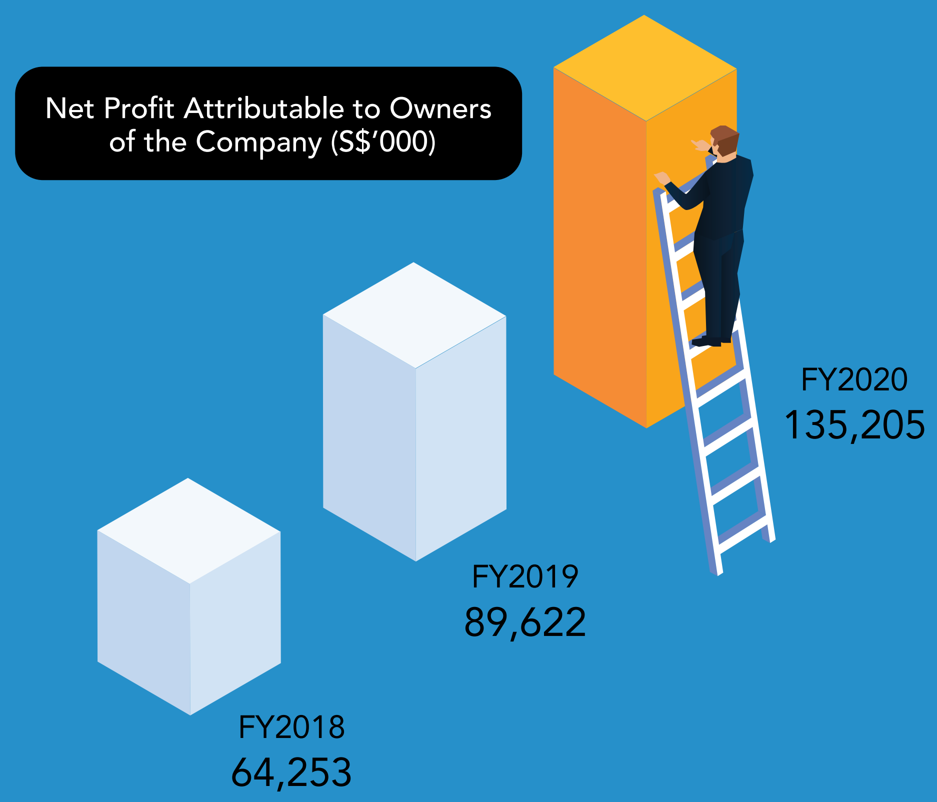
DR's Secret

"Today I've used DR's Secret for 1 year and 9 months. My skin now has a healthy radiant glow and I no longer need to apply heavy makeup when heading out. DR's Secret helped me to regain my confidence and flawless foundation-free skin." – Belinda









Strength in numbers

OUR CHARTS

* Customers from over 35 markets in Asia, Oceania, Middle East, North America and Europe including subsidiaries, joint venture and associate companies.

As of 30 June 2021


Be the change you want to see
OUR GEOGRAPHICAL MAP
London
Canada
United States
Dubai
Changsha
Hangzhou
Seoul
Japan
Myanmar
Bangkok
Hong Kong
Taipei
Taichung
Kaohsiung
Ho Chi Minh City
Manila
Guam
Kuala Lumpur
Johor Bahru
Brunei
Singapore
Jakarta
Australia
New Zealand
LEGEND
Corporate HQ
Franchise HQ
Health Supplement Manufacturing Facility
Regional Centre/ Subsidiaries
Export
Online Markets
Margaret Dabbs London (Retail & Services)

Dear Shareholders,

Our journey over the past 30 years has been an enriching experience through which we have celebrated the peaks and worked through the troughs to arrive at where we are today. We would like to express our heartfelt gratitude to our stakeholders for your trust and confidence in the company and management. In particular, we also would like to thank all shareholders for your unwavering support and patience and entrusting the Board and management to steer and guide the company over the past years.

Thank you

for always being there for us

CHAIRMEN'S MESSAGE

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

Doreen Tan
Founder,
Co-Chairman/
President

Over these years, we have made many friends. Some who started as consumers eventually evolved into business partners or brand ambassadors. To this day, these friends continue to speak volumes of our brand promise, company values and our business, enabling us to make a positive impact in the lives of people around the world. We are indeed thankful for their support.

亲爱的股东们，

过去30年，我们携手经历过许多高峰和低谷，才成就如今的全美世界。这段旅程，既丰富又充实。在此，我们衷心感谢所有利益相关者对公司和管理层的信任和信心。我们还要特别感谢所有股东，这么多年来给予坚定的支持和耐心，委托授权董事会及管理层带领及领导公司。

这些年来，我们着实结交了不少朋友。其中一些朋友，起初只是纯粹的消费者，后来却演变成为了我们的事业伙伴或品牌大使。时至今日，这些朋友的持续投入及坚持，足以说明我们的品牌承诺、公司价值观及业务的可靠，使我们能够为世界各地人们的生活带来积极正面的影响。对于他们的支持，我们谨致以万分谢忱。

Embrace the New Normal

YEAR IN REVIEW

Year in Review

FY2020 was an unprecedented year of challenges and turmoil; one which we marked our 30th anniversary in muted demeanour under the shadow of the pandemic. Our primary markets across Asia were impacted as their respective governments enforced a series of lockdowns, disrupting economies, businesses, and communities. Pushed to the brink by the global crisis, companies moved into survival mode. Those who were able to pivot their business swiftly, innovate and leverage technology fared better than others.

We are pleased to report that in the face of such adversity, every member of the Best World team had the forbearance and tenacity to work seamlessly with our stakeholders in riding the storm. We remained focus on our long-term strategy and objectives, and will continue to leverage on digital platforms to navigate the fast-changing consumer landscape and the COVID-19 situation.

With everyone in the Best World team diligently and steadfastly discharging their responsibilities, the Group was able to emerge from the crisis relatively unscathed but humbled by the experience. As testament to the commendable achievements of the team, we were ranked 48th[1] in the 2021 Global 100 List of Top Direct Selling Companies in The World based on our 2020 revenues, excluding contributions from our China operations.

回顾 2020

2020财年，是一个充斥着空前挑战的动荡之年。在疫情肆虐的笼罩下，我们以静态柔和的方式纪念了我们公司成立的30周年。这期间，我们亚洲的主要市场都受到了影响，各地政府实施的一系列封城措施，无不扰乱了经济、企业及社区生活秩序。在全球危机的步步紧逼下，企业纷纷启动了生存模式，而在新常态下，唯有把握先机迅速转型、发挥创意及善用科技的企业，才能突破重围，闯出一片天。

令人欣慰的是，即使面对如此逆境，全美世界的所有成员依然忍耐坚持，秉持坚韧不拔的精神与各利益相关者共同渡过难关。我们始终专注于集团的长期战略和目标，并将继续利用数码平台，以应对瞬息万变的市场消费格局及新冠疫情。

由于全美世界每个团队成员都全力以赴地坚守岗位，集团不但相对有惊无险地摆脱了危机，也从这次的经历中重新发掘自己。根据2020年的收入额　(不包括来自中国的业绩占比)，我们在2021年度全球直销100强公司排行榜中位居48名[1]，证实了我们团队值得嘉许的成就。

[1]Ranking by US-based Direct Selling News, https://www.directsellingnews.com/global-100-lists/
[1]美国直销新闻排名

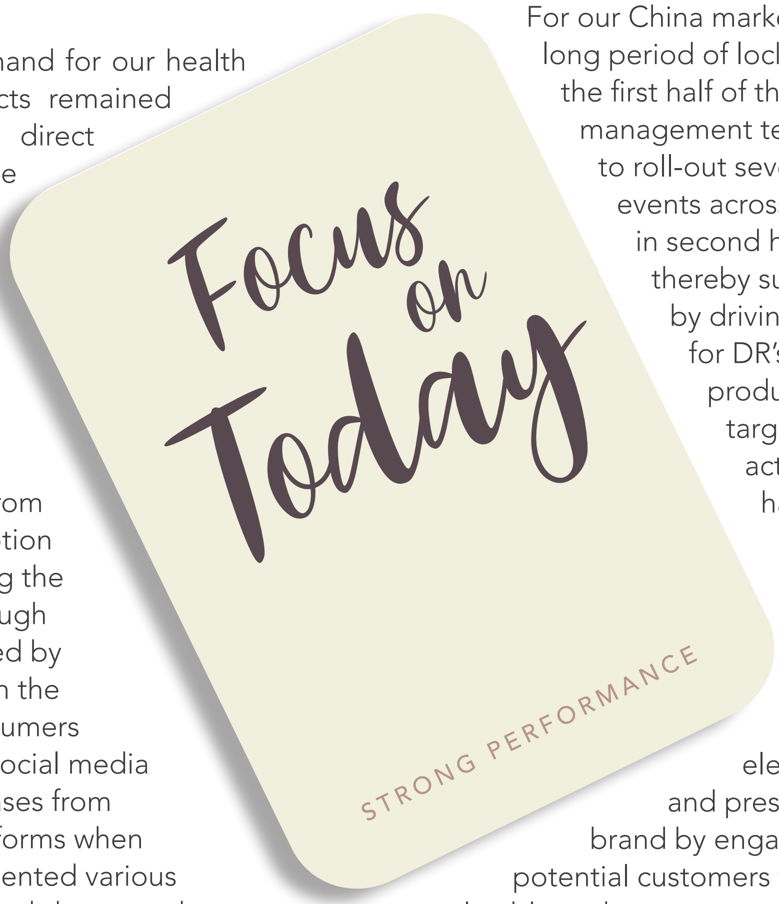
Strong Performance Across Our Primary Markets

During the year, demand for our health and wellness products remained robust across our direct selling and franchise channels.

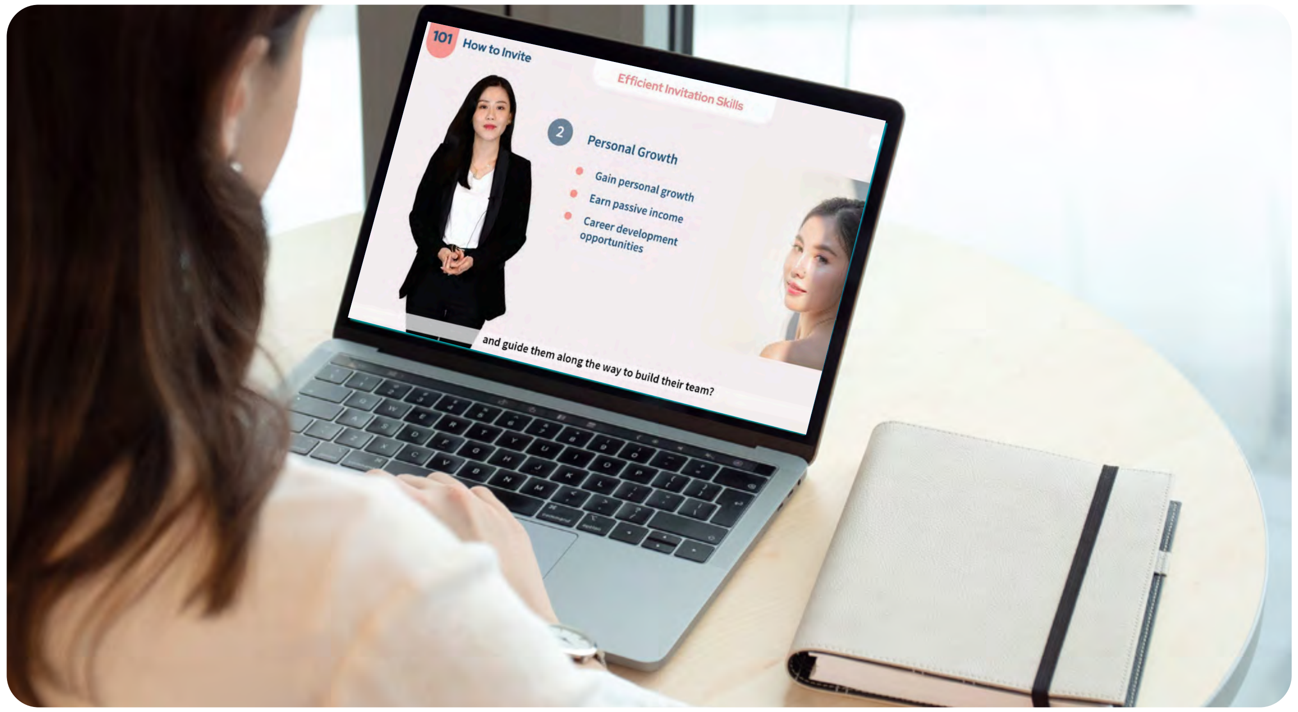
Leveraging our proprietary online shopping platform and mobile shopping app, we were able to realise immediate benefits from the accelerated adoption of e-commerce during the pandemic. Sales through direct selling increased by more than 82.3% from the previous year as consumers spent more time on social media and increased purchases from online shopping platforms when governments implemented various forms of nationwide lockdowns and implemented stringent safe distancing measures.

We migrated our distributor training and education programmes online during lockdowns, allowing our direct selling business to seamlessly adapt to this challenging and disruptive period. With these developments, distribution of our direct selling and franchise channels contributed equally to the Group's total revenues in FY2020.

The Group's total revenue for FY2020 was $548.6 million, which is an increase of 42.8% or $164.3 million from S$384.3 million in FY2019. Profit attributable to owners of the Company increased to S$135.2 million for FY2020. During the year, we continued to make good headway in our primary markets of China, Taiwan, Malaysia and Singapore.



For our China market, despite the long period of lockdown during the first half of the year, the management team managed to roll-out several large-scale events across the country in second half of the year, thereby sustaining growth by driving market demand for DR's Secret line of products through targeted sales activities and harnessing the online efforts of our franchisees with very limited price promotions. The team elevated the visibility and prestige of our brand by engaging new and potential customers with interesting, relatable and valuable digital content on the Group's official social media platforms such as WeChat and Red (XiaoHongShu). As a result, revenue from China increased 18.1% from S$235.7 million in FY2019 to S$278.3 million in FY2020, representing 50.7% of our total FY2020 revenue.



Taiwan, our second largest market contributed to 30.4% of total revenue in FY2020, as revenue increased 50.5% from S$110.8 million in FY2019 to S$166.8 million in FY2020. Taiwan management team's commendable year-on year performance is mainly attributable to two factors. First, is the quality of our training and development programmes which have allowed our distributors to take their business to the next level. Secondly, our well-trained distributors were able to apply their learnings to practice, implementing online-to-offline interactions effectively and executing successful marketing campaigns throughout the year.

Our Malaysia team also produced stellar results for FY2020 as revenue increased 952.8% to $45.2 million, placing the country as our third largest market. Whilst we were challenged by inter-district and inter-state travel restrictions due to movement control orders by the authorities, we were able to maintain our growth momentum through a two-pronged strategy. We worked closely

with our young and dynamic distributors to widen our reach in the market and drive our marketing activities to a younger demography through implementation of online trainings, equipping them with the necessary knowledge and skills. To cater to the growing demand in Malaysia, we opened a new office in Johor Bahru in November 2020.

We are enthused with the wide acceptance of DR's Secret line of skin care products in Malaysia as it will serve as a springboard for the Group to venture into Muslim market of the region. Our plans to seek Halal certification for our Tuas factory is still on track.

Revenue from Singapore tripled from S$8.8 million in FY2019 to S$27.5 million in FY2020, as we rolled out more functions for our proprietary digital platform. Besides basic shopping functions, the platform also provide leads generation, members management system and distributors training & education, etc. This has allowed us to procure valuable information for data analytics, enabling us to optimise our sales generation and enhance customer relationships.

Our Hong Kong market has also registered a 52.2% growth in revenue to $14.4 million in FY2020. This was largely driven by users of DR's Secret reaching a tipping point, driving the awareness of the brand beyond a level where more and more users become eager to engage in sharing their experience online and their recognition of the business opportunities behind the growing demand for our skincare brand.

The Board takes a long-term strategic approach to delivering value for our shareholders with a preference for long-term returns over short-term gains. With the pandemic unresolved, the economies of our core markets continue to be volatile and the business climate uncertain. In the light of this and Group's current circumstances, the Board has decided to conserve cash on grounds of prudence and will not be declaring a final dividend for FY2020. The Board will review the Group's dividend policy at a more appropriate juncture.

集团主要市场业绩表现强劲

在这一年里，我们整个直销及特许经营渠道对我们保健产品的需求保持高位。

通过利用我们专属的网上购物平台及手机购物应用程序，我们得以在疫情期间加速电子商务的采用，并且从中受益匪浅。当政府在全国范围内实施了各种形式的封锁及严格的安全距离防疫措施，消费者在社交媒体上花费了更多时间，进而更频繁地从网上购物平台购买商品，因此我们通过直销实现的销售额水涨船高，比前一年增长了82.3% 以上。

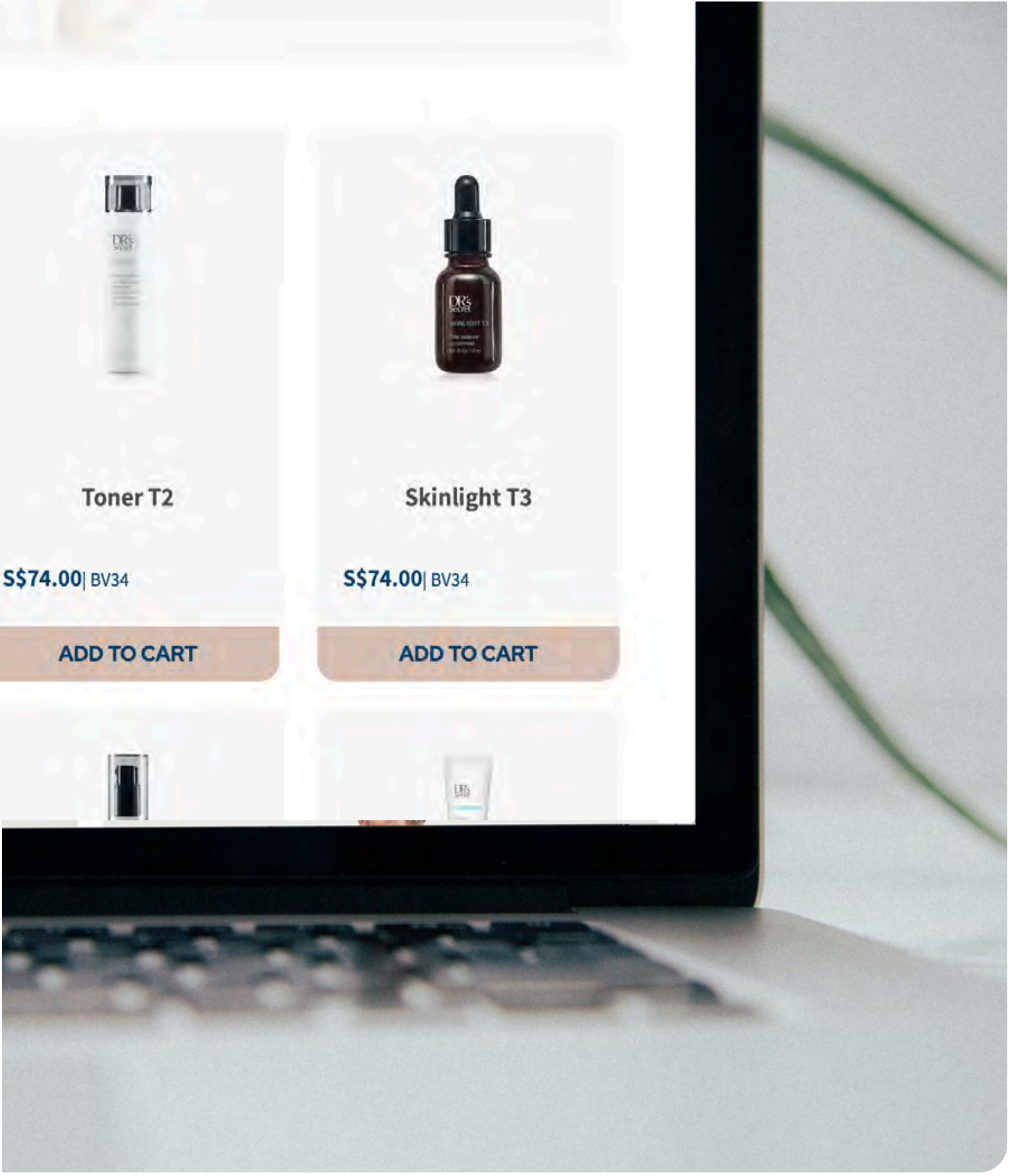
在封锁期间，我们把经销商的培训和教育课程都转移到线上进行，使集团的直销业务能够无缝适应这个极具挑战性及颠覆性的时期。随着这些方法的开发，我们通过直销及特许经营渠道的经销业务，对集团2020财年的总收入都达到同等占比。

本集团2020财年总收入为5.486亿新元，较2019财年的3.843亿新元提升了42.8%，即1.643亿新元，而2020财年归属于公司所有者的利润增至1.352亿新元。是年，我们在中国、台湾、马来西亚和新加坡的主要市场，都取得良好的进展。

至于我们的中国市场，尽管上半年经过长时段的封城，在下半年管理层设法在全国推出多项大型活动。在非常有限的价格促销下，他们通过具针对性的销售活动，并利用特许经营商的线上努力，推动皙之密产品系列的市场需求，从而得以保持业绩的增长。该团队也在集团官方社交媒体平台，如：微信公众号及小红书上，发布有趣、相关及有价值的电子内容，与潜在及新客户互动，借此提升了我们品牌的知名度和威望。因此，来自中国的收入从2019财年的2.357亿新元增长至2020财年的2.783亿新元，提升了18.1%，占集团2020财年总收入的50.7%。

本集团第二大市场-台湾，占集团2020财年总收入的30.4%，即从2019财年的1.108亿新元提升了50.5%，增至2020财年的1.668亿新元。台湾管理团队的年度业绩值得嘉许，主要归因于两个因素：首先，让我们的经销商业务更上一层楼的优质的培训和发展课程；其次，我们训练有素的经销商都能够学以致用，有效实践线上线下互动，并在全年开展成功的营销活动。

我们的马来西亚团队于2020财年也取得了



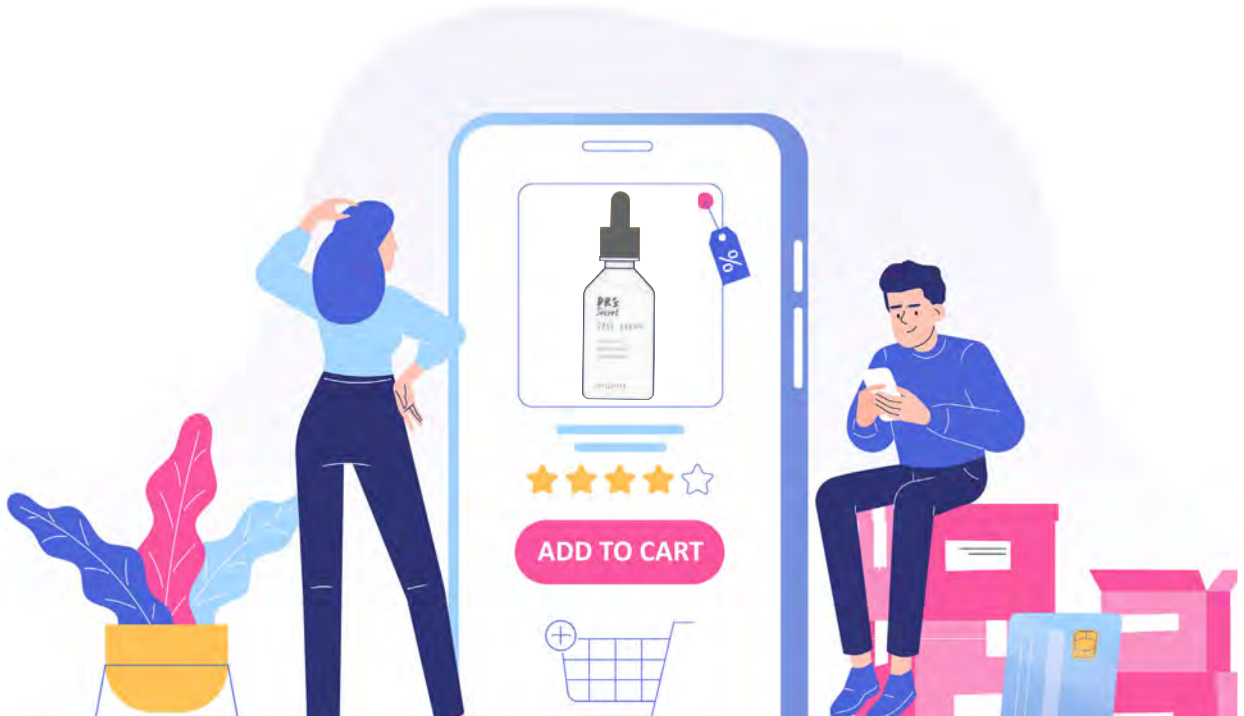
优异的业绩，收入增长了952.8%，达4,520　万新元，马来西亚因而成为我们的第三大市场。虽然由于当地政府当局所实施的多次行动管制令，我们受到地区间和国家间的旅行限制而面临挑战，但我们仍然以双管齐下的策略，保持了业绩增长势头。我们与年轻而充满活力的经销商密切合作，通过线上培训课程给他们提供必要的知识和技能，以将我们的营销活动推广至更年轻的人群。另外，为了应付马来西亚不断增长的需求，我们于2020年11月在柔佛州开设了一间全新办事处。

皙之密系列护肤品在马来西亚得到市场的广泛接受，着实为一件令人兴奋的事实，因为这将有利于皙之密品牌进军该区域之穆斯林市场。因此，我们将为大士（Tuas）工厂申请清真认证，而该计划仍在进行中。

由于我们在专属电子平台上推出了更多新功能，来自新加坡的收入从2019财年的880万新元增长了三倍，达至2020财年的2,750万新元。除了基本的购物功能外，该平台还提供潜在客户生成、会员管理系统和经销商培训与教育等功能。这使我们能够为数据分析获取有价值的信息、优化我们的销售能力，并增进我们与客户的关系。

来自香港的收入，于2020年亦录得52.2%的增长，达1,440万新元。这在很大程度上是由于皙之密用户数量达到一个临界点之后，带动品牌意识的跃进，越来越多的用户更渴望在线上参与分享他们的产品使用心得，而他们也意识到，在我们护肤品的市场需求不断增长下所隐藏的商机。

在为股东提供价值方面，董事会采取长期战略方法，更倾向于长期回报而非短期收益。在疫情尚未终止之前，我们主要市场的经济情况将持续不稳定的状态，而商业环境也充满不确定性。有鉴于此，基于集团的现况，董事会认为目前当以谨慎为主以保有现金，因而决定不予派发2020财年年度末期股息，并将适时对集团的股息方案进行审视或修订。



Unrelenting Commitment to Product Research & Development

At BWI, we are cognisant that new product development is vital to the sustainability and relevance of a premium skin care and wellness company to consumers. To this end, we are committed to the research and development of quality products which exceed the safety and efficacy expectations of today's increasing discerning and sophisticated consumer.

DR's Secret

During the year, we enlarged our DR's Secret portfolio with two new-to-market quality products. In May 2020, we launched Vitalising Eye Mask, a revitalising biocellulose mask that relaxes, brightens and firms the eye area for a fresher appearance across our core markets except Korea and Indonesia.

In December 2020, we launched Aqua Boost Serum 10, a brand-new hydrating formula that infuses the skin with moisture and strengthens the skin barrier. Comprising 12 types of Hyaluronic Acid and skin barrier restoring ingredients, the serum targets to deeply hydrate and restore dehydrated skin for most skin types.

Formulated with cutting-edge skincare technologies and a meticulous focus on user experience, DR's Secret Vitalising Eye Mask and Aqua Boost Serum 10 continue to gain acceptance amongst our users.

Celligenics

In FY2019, we entered into a share subscription agreement with Celligenics, a biomedical start-up and A*STAR spin-off. Celligenics is a regenerative stem cell biotech company that develops breakthrough stem cell solutions to address some of today's pressing lifestyle and clinical needs.

Celligenics holds several patents and possess the technical knowledge and means to extract Celligenics stem cells from a specific sub-tissue of the human umbilical cord. The conditioned medium blend of the Celligenics stem cells contains growth factors that out-perform the secretions of other types of stem cells, in terms of consistency and yield. The beneficial properties of this conditioned medium blend make it a cosmeceutical active ingredient of immense potential and has direct applications in the development of cleansers, toners, serums and masks.

Besides other commercial benefits, the immediate relevance of our partnership with Celligenics is to develop the conditioned medium based active ingredients for usage in either our existing products or to develop a new cosmeceutical line for distribution through the Group's existing channels around the world.

Since the onset of COVID-19, Celligenics has experienced some delays due to government implemented lockdowns and safe distancing measures. However, the biomedical company remains largely on track with its revised development and testing roadmap and aims to launch its first product in FY2022, barring unforeseen circumstances.

Margaret Dabbs London

In FY2020, we acquired a 49.9% interest in Pedal Pulses, which owns the Margaret Dabbs London brand, providing us with an established premium beauty brand that offers medical and beauty services for hands, feet and legs in the UK. The acquisition of this British brand complements our business, and we expect Pedal Pulses to function as our hub to fulfil online orders from UK and other EU markets.

We intend to utilise Maragret Dabbs London's top selling formulas to be developed for launch in our existing markets and are conducting an internal feasibility review which is expected to complete in 3Q2021. As our in-house development team does not have depth and experience of new product development for products for the hands, feet and legs, such a programme will considerably reduce time-to-market for products in this category.

FY2020 was a challenging year for Pedal Pulses as the UK experienced multiple lockdowns during the year. Whilst clinics remained shut during these periods, the product side of the business were strong. With COVID-19 still in play, sales through the brand's online website and the online platforms of department stores continue to gain traction and we are looking to sell into pharmacies when the pandemic eases.

New innovative brands and products

At the time of writing, we have launched two products for our Taiwan market.

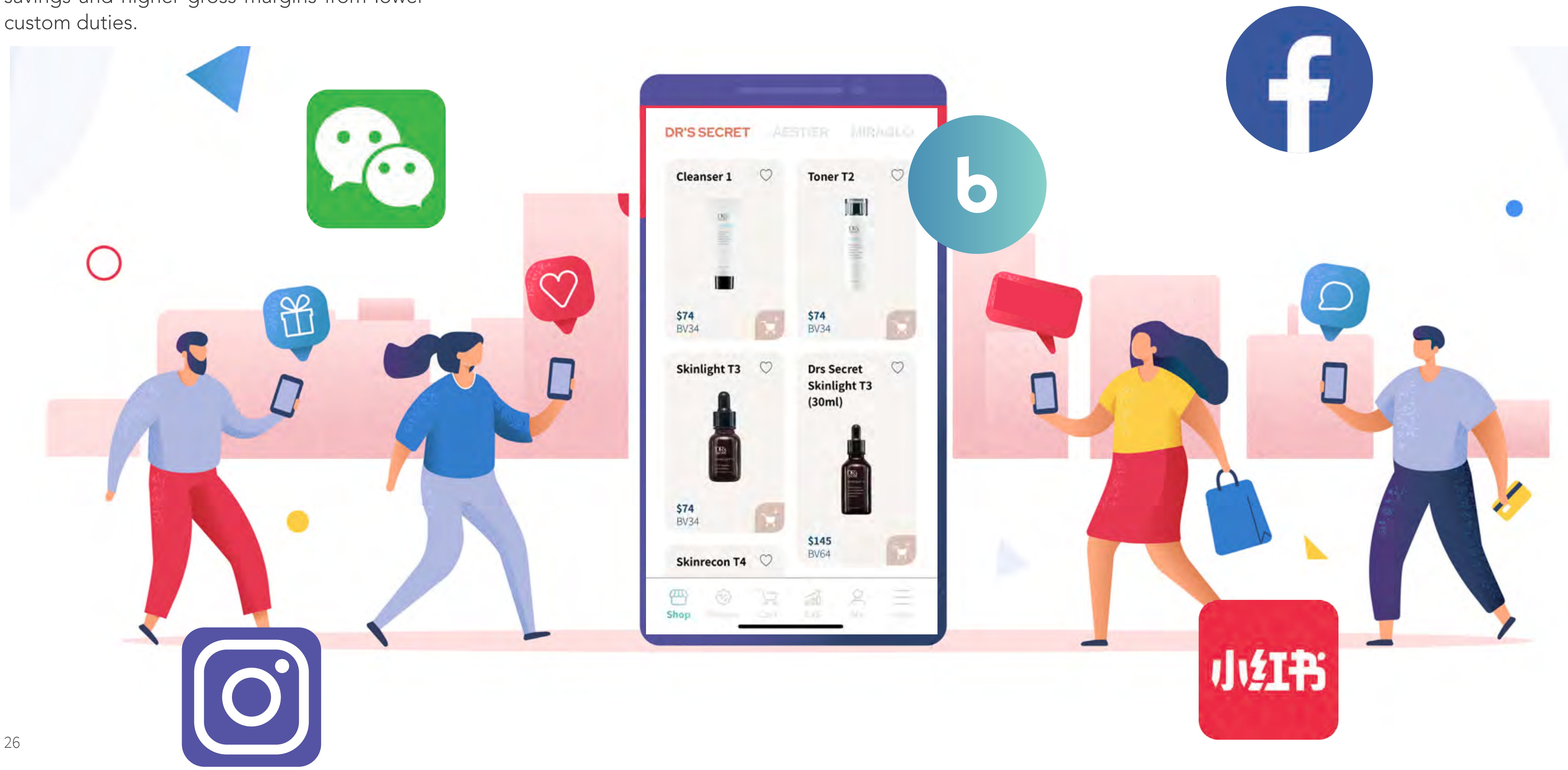
One of which is Optrimax Juiced!, a specially formulated fermented juice with nutrients and dietary fibre derived from fruits and vegetables, which was launched in May 2021 to very positive response. Encouraged by positive users' feedback on the Juiced!'s benefits, delightful taste and convenience of use, there was a soft launch for the product in Singapore in July 2021 with other markets to follow suit.

Also in July, we introduced in Taiwan, Foodphilo Infuso Black Brew, an Arabica classic ground coffee packaged in convenient drip bags. The product was also met with good feedback from distributors.

Tuas facility to enhance quality control and drive margins

Our manufacturing facility in Tuas is expected to obtain Temporary Occupation Permit (TOP) by December 2021 with completion by the end of FY2021. This translates to an twelve months' delay to the project due to COVID-19 restrictions implemented by the authorities on both sides of the border. Malaysia's Movement Control Orders and Singapore's Circuit Breakers delayed delivery of vital building materials and created a labour crunch within the construction industry.

When completed, our Tuas manufacturing facility will provide us with enhanced in-process quality control, ensuring that our products are of the highest quality. More importantly, the facility will reduce our reliance on contract manufacturers and ensure uninterrupted supply of products to our subsidiaries. With many of our key subsidiaries located in countries which enjoy Free Trade Agreements with Singapore, we expect to realise significant savings and higher gross margins from lower custom duties.



Multiple Channels to Deepen Markets

The vast majority of our long-time shareholders would recall that we embarked on our digital marketing and customer engagement strategy almost a decade ago. From the onset, our objective has been to leverage on technology to make the entire engagement process seamless and convenient for customers, ensuring a customised user experience and timely delivery of our products.

Our first mobile app, BWL Mobile was rolled-out to the markets in FY2016. Through the years, we took note of users' preferences and frequently made purposeful incremental upgrades to the app and evolved it into an integrated app over time. In September 2020, we made significant improvement to its interface, incorporating modern design to enhance user experience. Demonstrating the robust adoption of our

mobile app during COVID-19, the number of users on mobile app grew close to 50% over the 12-month period from June 2020 to June 2021.

The borderless nature of the internet and our online platforms have allowed us to penetrate new geographies. Leveraging our proprietary BWL website and mobile app, we enlarged our sales and distribution footprint to cover New Zealand, United States and United Kingdom in FY2020, and made our products available to customers in Laos, Brunei, Cambodia and Guam in the first six months of FY2021.

As veterans in the e-commerce space, we believe that the fulfilment and delivery process of a transaction is just as important as the customer engagement and sale process. Focused on delivering our commitments on a timely and efficient basis, we implemented our Digital Pick System at our centralised warehouse in Tai Seng to process BWL Singapore online store orders in January 2021. With the ability to operate under low manpower requirements, our Digital Pick System is currently handling an average of 300 parcels in a workday.

Our innate understanding of our customers' aspirations and needs has allowed us to innovate and elevate the unboxing experience. For example, we redesigned the product packaging for

Miraglo Face, incorporating tamper evident security seals and designs to ensure the integrity of our product. We also improved on the design and strength of the Aestier Emulsion bottle, minimising breakage during the delivery process.

As a responsible corporate citizen, we have also incorporated sustainable packaging materials for several products. Our Miraglo Face, DR's Secret Vitalising Eye Mask, DR's Secret Aqua Boost Serum 10 and Optrimax Juiced! products use packaging boxes made

with Forest Stewardship Council (FSC) certified paper. We intend to roll-out the sustainable packaging materials to across our other products over time.

坚持不懈致力于产品研发

在全美世界，我们意识到新产品的开发，对于一家高级护肤及保健品公司的可持续性发展及相关性至关重要。为此，在当今消费者对产品的安全性和有效性日益敏锐和成熟的情势下，我们致力于超越他们所有的预期，持续研发出更多优质的产品。

皙之密

在这一年里，我们扩大了皙之密产品系列的范畴，增加了两款优质的全新产品。2020年5月，我们向所有主要市场（除了韩国及印尼）推出了焕活晶透眼膜（Vitalising Eye Mask）。这是一种生物纤维眼膜，能够紧密贴合眼部轮廓，以扫除疲惫及挥别暗沉，致使眼周饱满弹滑。

2020年12月，我们则推出了盈润补水精华露10(Aqua Boost Serum 10)，这是一项全新的丰盈水感配方，具有为肌肤全方位注入水润、强韧肌肤屏障的效果。此产品富含12种玻尿酸及肌肤屏障保养成分，能够为大多数皮肤种类全方位深层补充水分。

皙之密焕活晶透眼膜及盈润补水精华露都以高端护肤技术所配制，并且细致专注于使用者体验，所以我们得以持续获得产品用户们的认可。

汐澲 (Celligenics)

2019财年，我们与新加坡科技研究局（A*STAR）的生物技术领域衍生初创公司 - 汐澲（Celligenics）签订了股份认购协议。汐澲是一家再生干细胞生物技术公司，致力于利用突破性的干细胞新发明，开发相关的解决方案，以满足当今社会一些紧迫的生活形态和临床需求。

汐澲拥有多项专利和许可证，并拥有从人类脐带特定亚组织中提取汐澲干细胞的专有技术及知识。汐澲干细胞条件培养基所包含的活性因子，在质量稳定性和产量方面优于其它干细胞类型所分泌的活性因子。这种条件培养基的有益特性，使它成为具有巨大潜力的药妆活性成分，并能直接应用于洁肤霜、调肤霜、精华露和面膜的产品研发中。

除了其它商业利益外，我们与汐澲的合作也具有直接相关性，即开发条件培养基活性成分，以应用于我们现有的产品，抑或开发一条全新的药妆产品生产线，通过集团现有的渠道经销至世界各地。

自新冠病毒开始蔓延以来，汐澲因为政府所实施的封锁和安全距离防疫措施，而经历了一些延误。然而，这家生物技术公司在修整好其产品开发和测试路线图后，状态仍然基本处于正轨。如无意外，汐澲计划将于 2022 财年推出其首款产品。

Margaret Dabbs London

于2020财年，我们收购了 Pedal Pulses 49.9%的股份，其旗下品牌 Margaret Dabbs London，为我们在英国提供了一个成熟而优质的美容品牌，主营手足腿医疗和美容服务。这英国品牌的收购，使我们的业务范畴更全面化，而我们也期望将 Pedal Pulses 作为我们的一个业务枢纽，以应付我们来自英国和其它欧盟市场的线上订单。

我们打算利用 Margaret Dabbs London 最畅销的配方，经过开发后在现有市场上推出。为此，我们正在进行内部可行性审查，预计将在2021年第三季度完成。由于我们的内部开发团队对手足腿产品的新产品开发方面缺乏深度认识和经验，所以前述计划将大大缩短此类产品的上市时间。

对 Pedal Pulses 而言，2020财年是充满挑战的一年，因为英国在这一年经历了多次抗疫封锁。在此期间，虽然诊所都关闭了，但其产品业务方面还是表现强劲的。随着新冠疫情仍在持续肆虐，通过该品牌的在线网站和百货公司的线上平台的销售，都能继续发挥作用获得业绩增长动力；而待至疫情得到缓解，我们则将设法把产品的销售面向各药房。

全新创意品牌及产品

截至撰稿之时，我们已经在台湾市场推出了两款新产品。其中之一是窈轻悦品牌的清轻浆（Juiced!），一款富含天然蔬果营养和膳食纤维的发酵浆汁，产品于2021年5月一经

推出即获得热烈反响。积极用户对清轻浆的益处、美味及方便都有所反馈，这对我们是很大的鼓舞，所以计划于 2021 年 7 月份先在新加坡进行该产品的软发布，其它市场则将紧随其后。

我们也于7月份在台湾推出了食尚哲学品牌的昀萃滤挂黑咖啡，一款经典阿拉比卡咖啡粉滤挂包，而此款产品也获得来自经销商们的正面反馈。

大士 (Tuas) 工厂 - 加强质量管控并提高利润率

我们在大士（Tuas）的制造工厂预计将于2021年12月领取临时入伙证，并于2021财年末完全竣工。这意味着，由于两地政府当局针对疫情所实施的跨境管控措施，该项目因而被迫推迟了12个月之久。马来西亚的行动管制令和新加坡的阻断措施不但延误了重要建筑材料的交付，更在建筑行业内造成了劳工短缺。

待至竣工后，大士制造工厂将为我们增强产品加工过程中的质量管控，从而保证我们产品的最高品质。更重要的是，该工厂将减少我们对合同制造商的依赖，并确保能够不间断地向我们的子公司供应产品。由于我们的许多主要子公司都位于与新加坡签订自由贸易协定的国家，所以我们期望通过关税的降低，实现显著的成本节省和更优渥的毛利率。

以多重渠道扩大市场的深度

绝大多数的长期股东应该都记得，我们近十年前就启动了数码营销和顾客契合战略。打从一开始，我们的目标就是利用科技，使整个沟通和互动过程能够顺利进行，并给客户提供方便，借以确保客制化的用户体验和我们产品的及时交付。

我们的第一款手机应用程序 – 全美迈博 (BWL Mobile)，已于2016 财年推出市场。多年来，我们关注于用户的喜好，并经常对应用程序进行目的明确的质量升级，逐渐将其发展成一款集成应用。2020年9月，我们对其界面进行了重大改进，还结合了现代设计以优化用户体验。2020年6月至2021年6月的12个月期间，手机应用程序的用户数量增长了近50%，这也证明了我们的手机应用程序在新冠疫情期间得到了广泛采用。

互联网和我们的网上平台的无国界性质，使我们的销售触角能够延伸到新的地域市场。通过我们专属的全美世界网站和手机应用程序，我们在2020财年扩大了销售和经销足迹，覆盖新西兰、美国和英国，于2021财年的首六个月向老挝、文莱、柬埔寨和关岛的客户提供我们的产品。

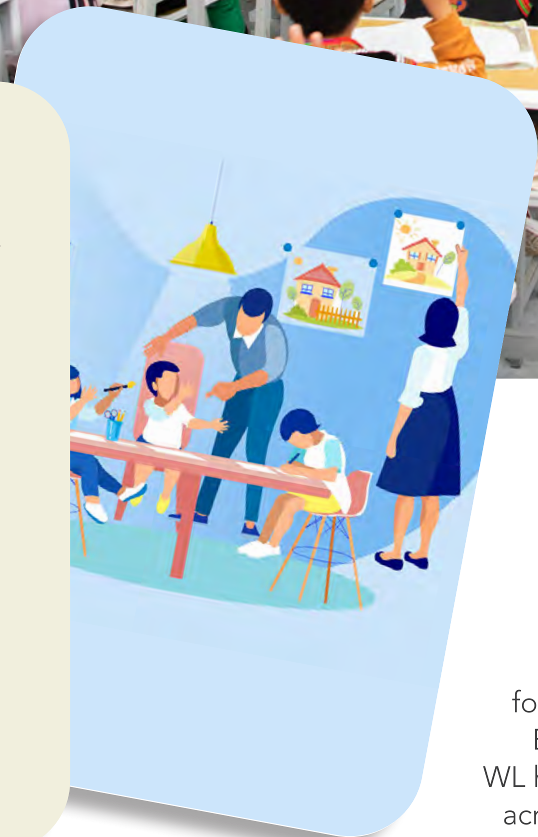
作为电子商务领域的资深老手，我们相信交易的履行和交付过程，与客户参与和销售过程一样重要。为了及时有效地履行我们的产品交付承诺，我们于 2021 年 1 月份在大成 (Tai Seng) 的中央仓库实施了数字拣货系统 (Digital Pick System)，以处理新加坡全美世界网购商城订单。我们的数字拣货系统能够在低度人力参与下运作，目前平均一个工作日能够处理 300个包裹。

我们对客户希望和需求的固有了解，使我们能够创新及提升产品的拆箱体验，譬如：我们重新设计了奇丽纤 (Miraglo Face) 的产品包装，包括采用防篡改安全封条和设计，以确保我们产品的完整性。我们还改进了熙黛尔嫩肤乳A6 (Aestier Emulsion A6) 的瓶罐设计和坚韧度，最大限度地减少了运输过程中所造成的破损。

作为一个负责任的企业公民，我们还为多种产品采用了可持续包装材料。我们的奇丽纤、皙之密焕活晶透眼膜、皙之密盈润补水精华露10和窈轻悦清轻浆，这些产品都使用由森林管理委员会(FSC)认证的纸制包装盒。渐渐地，我们打算将可持续包装材料推广到我们的其它产品上。

We only have what we give

CORPORATE SOCIAL RESPONSIBILITY



Corporate Social Responsibility ("CSR")

Staying true to our brand promise of creating a better world by achieving internal and external harmony, we embarked on our Corporate Social Responsibility ("CSR") journey in 2008. We believe that to be successful in our endeavour, we need to run our business in an ethical and socially responsible manner, supporting our communities and staying deeply rooted in the societies in which we operate.

Close to our heart is the World Learner Student Exchange Scholarship ("WL"), a student cross-border exchange program established by Singapore's former Minister of Manpower, Mr. Lim Swee Say.

Initially rolled-out as an extension of Singapore's humanitarian aid to the community following the Sichuan Earthquake of 2008, WL has since expanded across geographies to enable underprivileged students with outstanding character and academic records to experience an overseas immersion programme in Singapore. We have contributed resources and donated funds to WL every year since its inception and are looking forward to the resumption of the programme following a hiatus in 2020 due to the pandemic.

As a socially responsible corporate organisation in China, we made significant contributions to Project Hope to play our part in mankind's battle against the coronavirus epidemic. During the year, we donated S$200,000 to Project Hope which supplies protective equipment to empower front-line health care workers facing the world's greatest health crisis. As a testament to our commitment to Project Hope and to further strengthen our working relationship with the Youth Development Foundation, our staff representative is also a member of Project Hope's executive committee.

We established the third Best World Hope School in Yunnan province in FY2020, following the set up of two schools in Zhong Lian County and Long Xi Pu County, Hunan province, over the past two years. Our schools offer a variety of programme including arts classes in Chinese painting, calligraphy, martial arts, and music, taught by teachers with professional experience. We believe that education is for everyone and offer scholarships for deserving students from under-privileged families with stipends for living expenses.

To date, our total investment in Project Hope School has reached over S$400,000 with the completion of our 3rd Project Hope School in Yunyang County, Yunan Province (云南云阳县红河哈尼族彝族自治州松树寨村) which also includes S$100,000 for the construction of our fourth Best World Hope School in Sichuan province by 2022. It is our intention to grow our contributions to support the education and development of our next generation as we continue to be involved in offering bursary programmes every year for needy students and special classes during Gan'en Jie (感恩节) in China.

In Taiwan, we contributed S$20,000 to Hondao Senior Citizen's Welfare Foundation, a charity established to care and serve seniors in the local communities. The funds were used to organise "The Elderly Vitality Show", large-scale Broadway-styled show in Taipei Arena which saw participation from 223 senior citizens who are above 65 years old.

Migrant workers have contributed greatly to building of modern Singapore. In response to the Prime Minister's aim to do its best to take care of the needs of foreign workers amid

the COVID-19 outbreak, we donated S$50,000 for the Migrant Workers' Assistance Fund in June 2020 as well as donated Vitamin C and hand sanitisers amounting to S$100,000.

CSR will continue to be an integral part of Best World's business. We believe that by being involved and giving back to our communities, we play an active role in building a better tomorrow for everyone.

企业社会责任

我们始终恪守我们的品牌承诺，即通过实现内部和外部和谐，创造更美好的世界。为此，我们于2008财年起开始了我们的企业社会责任之旅。我们相信，要想让付出的努力获得真正的成功，我们必须以合乎道德及对社会负责的方式经营业务，给我们的社区予以支持，并在我们业务经营所在的社会中扎根。

其中与我们密切相关的是世界童窗学生交流奖学金计划（世界童窗），这是一项由新加坡前任人力资源部长 - 林瑞生先生所倡议启动的学生跨国交流计划。

在2008年四川汶川地震后，世界童窗最初是作为新加坡人向社会提供人道主义援助的窗口，此后则扩展到各个地区，为品学兼优的贫寒学子提供跨国亲赴新加坡体验浸濡学习的机会。自 世界童窗成立以来，我们每年都向该计划贡献资源和捐赠资金，并期待该计划继2020年因为疫情而暂停后能得到恢复。

作为中国一家对社会负责的企业组织，在人类抗击新冠状病毒疫情的斗争中，我们为希望工程 (Project Hope) 做出了重大贡献。在这一年里，我们向希望工程捐献了20万新元，支援该项目为面临着世界空前卫生危机的一线卫生保健工作者们助力，并提供防护设备。为进一

步体现我们对希望工程的支持，以及深化我们与青年发展基金会的合作关系，我司的公益代表已被委任成为希望工程项目的理事会成员之一。

过去两年，继在湖南省娄底冷水江市中连乡和新邵县龙溪铺镇设立的两所小学之后，我们于2020财年在云南省成立了第三所全美世界希望小学。我们的学校提供多项课程，包括国画、书法、武术和音乐等艺术课程，并由具有专业经验的教师授课。我们相信所有人都有接受教育的权利，也为来自贫困家庭的优异学生提供奖学金及生活费。

迄今为止，随着我们在云南省云阳县(云南云阳县红河哈尼族彝族自治州松树寨村) 的第三所希望小学的落成，我们对希望小学的援建工程的总投资已超过40万新元，其中还包括2022年在四川省建设第四所全美世界希望小学的10万新元。为支持下一代的教育和发展，我们打算加大我们的贡献，每年继续于中国感恩节期间，向需要帮助的学生和特殊班级提供助学金计划。

至于台湾，我们已向弘道老人福利基金会捐献了2万新元，而该基金会是一个为照顾和服务当地社区老年人而设立的慈善机构。这笔资金已用于赞助于台北小巨蛋举办的大型百老汇风格银发舞台剧表演 -

《仙角百老汇　食神接班人》，其中有223 名65岁以上的老人参加了这项公益活动。

现代新加坡的建设，客工们功不可没。为响应总理在新冠疫情期间尽最大努力照顾客工需求的号召，我们于2020年6月份向外籍劳工援助基金捐赠了5万新元，外加价值约10万新元的维生素C和消毒液。

企业社会责任将继续成为全美世界业务不可或缺的一部分。我们坚决相信，通过参与和回馈我们的社区，我们能够以更加积极的姿态，为人类创造更美好的明天。

Appreciation

Lastly, we would like to express our sincere appreciation to our beloved shareholders for their unwavering support as well as the Board, management, staff and distributors for their commitment and hard work over the years. Thank you for walking through thick and thin with us. Words are certainly not enough to express our gratitude. We will continue to work hard to grow the Company and brand.

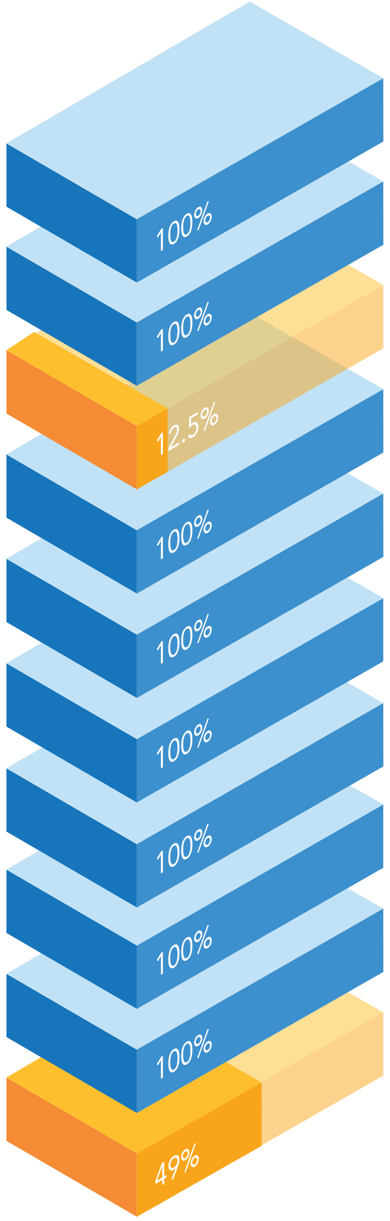
We are in a strong and enviable position with our suite of globally recognised brands and products which are today synonymous with high quality, efficacy and value. We look forward to your continued trust and support as we take Best World forward and strive to achieve the same, if not more, over the next 30 years.

鸣谢

最后，我们要对我们敬爱的股东，以及董事会、管理层、员工和经销商多年来的投入奉献和辛勤工作，表示衷心的感谢。谢谢你们不畏艰险，和我们一起同甘共苦。言语显然已不足以表达我们的感激之情，我们只得继续携手努力好好发展公司和品牌，才不负彼此。

如今，全美世界已变得强大而令人称羡，在业界占有一席之地，而我们所拥有的一系列全球知名品牌和产品，都成为了高品质、高功效和高价值的代名词。我们期待你们持续的信任与支持，未来的30年，我们共同交出同样出色的成绩单，甚至将全美世界推向另一高峰。

EFFECTIVE SHAREHOLDING



SINGAPORE
Avance Living Pte. Ltd.

SINGAPORE
Celcott Investments Pte. Ltd.

SINGAPORE Via Celcott Investments Pte. Ltd
Celligenics Pte. Ltd. [5]

SINGAPORE
Best World Lifestyle Pte. Ltd.

SINGAPORE
Best World Lifestyle (S) Pte. Ltd. [4]

SINGAPORE
Best World Taiwan Holdings Pte. Ltd.

SINGAPORE
MDUK Investment Pte. Ltd. [1]

SINGAPORE
BWL Online Systems Pte. Ltd. [3]

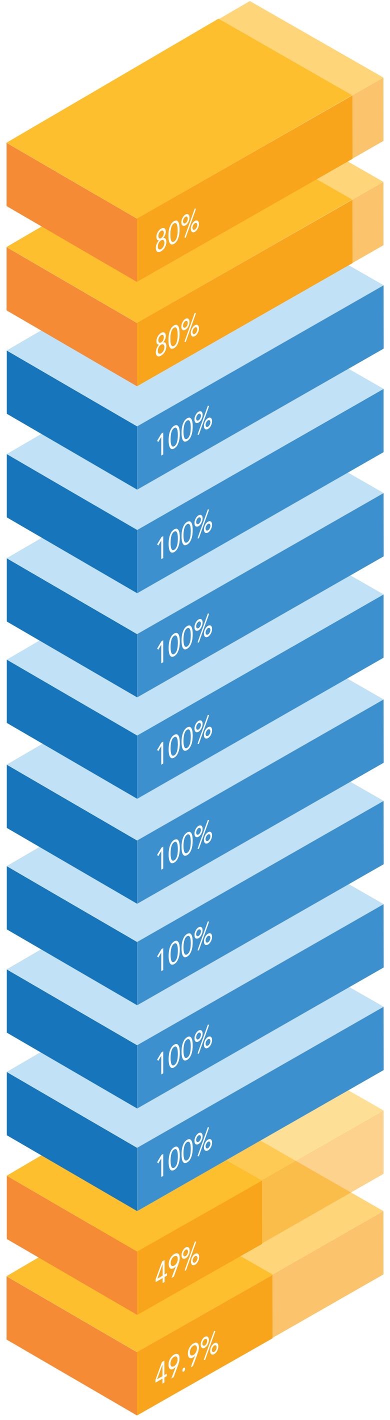
MALAYSIA
Best World Lifestyle Sdn. Bhd.

THAILAND
BWL (Thailand) Company Limited [6]

Group Structure

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

EFFECTIVE SHAREHOLDING



INDONESIA
PT Best World Indonesia

INDONESIA
PT BWL Indonesia

PHILIPPINES
BWL Health & Sciences, Inc.

VIETNAM
Best World Vietnam Company Limited

HONG KONG SAR (GREATER CHINA)
Best World Lifestyle (HK) Company Limited

KOREA
BWL Korea Co., Ltd

TAIWAN (GREATER CHINA)
Best World Lifestyle (Taiwan) Co., Ltd

CHINA VIA BEST WORLD LIFESTYLE PTE. LTD.
Best World (China) Pharmaceutical Co., Ltd

CHINA VIA BEST WORLD (CHINA) PHARMACEUTICAL CO., LTD
Best World Lifestyle (Shanghai) Co., Ltd

CHINA VIA BEST WORLD (CHINA) PHARMACEUTICAL CO., LTD.
Best World Lifestyle (China) Co., Ltd

UNITED ARAB EMIRATES
BWL General Trading L.L.C [7]

UNITED KINGDOM VIA MDUK INVESTMENT PTE. LTD.
Pedal Pulses Limited [2]

1. In April 2020, the Company incorporated Best World Investments Pte. Ltd., a wholly-owned subsidiary of the Company, which has changed its name to MDUK Investment Pte. Ltd. in June 2020.
2. In April 2020, the Group has through its wholly-owned subsidiary, MDUK Investment Pte. Ltd (previously known as Best World Investments Pte. Ltd), entered into a sales and purchase agreement, to acquire 49.9% equity interest in Pedal Pulses Ltd. The Group treats this entity as a joint venture as the Group jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities (refer to Note 17 of the Financial Statements).
3. In June 2020, the Company incorporated BONSA Systems Pte. Ltd., a wholly-owned subsidiary of the Company, which has changed its name to BWL Online Systems Pte. Ltd. in January 2021.
4. In July 2021, the Company incorporated Best World Lifestyle (S) Pte. Ltd., a wholly-owned subsidiary of the Company.
5. 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).
6. The Group has accounted for BWL Thailand Co., Ltd as a subsidiary as the Group controls the relevant activities (including financial and operating policies) of the entity through a shareholders' agreement.
7. 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

Length of service as a director
(as at 31 December 2020): 30 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 2020)
Best World International Limited

Other principal commitments
- Secretary, World Federation of Direct Selling Associations
- First Vice 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 2018 to 31 December 2020)
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:
22 June 2020

Length of service as a director
(as at 31 December 2020): 30 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 2020)
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

Past Directorships held over the preceding three years in other listed companies (from 1 January 2018 to 31 December 2020)
Nil

Huang Ban Chin

Executive Director
and Chief Operating Officer

Date of first appointment as a director:
13 September 1994

Date of last re-election as a director:
30 April 2018

Date of next re-election as a director:
30 September 2021

Length of service as a director
(as at 31 December 2020): 26 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 2020)
Best World International Limited

Other principal commitments
- Director, Celligenics Pte. Ltd.
- Director, Pedal Pules Limited

Past Directorships held over the preceding three years in other listed companies (from 1 January 2018 to 31 December 2020)
Nil

Lee Sen Choon

Chairman of Audit Committee
and Lead Independent Director

Date of first appointment as a director:
24 May 2004

Date of last re-election as a director:
22 June 2020

Date of next re-election as a director:
30 September 2021

Length of service as a director
(as at 31 December 2020): 16 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 of Institute of Chartered Accountants in England and Wales
- Practicing Member of Institute of Singapore Chartered Accountants

Present Directorships (as at 31 December 2020)
- Best World International Limited
- Hor Kew Corporation Limited

Other principal commitments
- Senior Partner at UHY Lee Seng Chan & Co, Chartered Accountants
- Director, Singapore Chinese High School
- Director, 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 2018 to 31 December 2020)
Soon Lian Holdings Limited

Adrian Chan Pengee

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

Length of service as a director
(as at 31 December 2020): 3 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 2020)
- Best World International Limited
- Ascendas Funds Management (S) Limited
- Yoma Strategic Holdings Ltd.
- Hong Fok Corporation Limited
- AEM Holdings Ltd
- First REIT Management Limited

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 2018 to 31 December 2020)
Global Investments 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:
22 June 2020

Length of service as a director
(as at 31 December 2020): 1 year 10 months

Board committee(s) served on:
- Remuneration Committee
- Nominating Committee
- Audit 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 Certified General Accountants Association of Ontario

Present Directorships in listed companies
(as at 31 December 2020)
Best World International Limited

Other principal commitments
- Senior Advisor to McKinsey & Company
- Director, New Era Nutrition Inc.

Past Directorships held over the preceding three years in other listed companies (from 1 January 2018 to 31 December 2020)
Nil

Past principal commitments
- CFO, Greater Asia Division, Colgate-Palmolive
- Chairman and CEO, Greater China, Colgate-Palmolive

Li Lihui

Alternate Director to Dora Hoan Beng Mui

Date of first appointment as a director:
16 Jan 2019

Length of service as a director
(as at 31 December 2020): 1 year 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 2020)
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 2018 to 31 December 2020)
Nil

Pek Wei Liang

Alternate Director to Doreen Tan Nee Moi

Date of first appointment as a director:
16 Jan 2019

Length of service as a director
(as at 31 December 2020): 1 year 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 2020)
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 2018 to 31 December 2020)
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.

Dr Gan Kok Wee

Senior Group Manager,
Human Resource Development & Culture Communication

Dr Gan oversees the Group's education and training system. One of his key responsibilities is to design, develop and implement leadership training programmes for distributors and staff that meet the Group's vision and mission. He also works closely with the Group CEO in the strategic planning and development of the Group's human resources where his day-to-day operations include organising training workshops, one-to-one consultations, group facilitations and individual performance coaching of distributors.

Prior to joining Best World, Dr Gan has been in the education and training industry for more than 25 years, holding leadership positions in mainstream elementary to tertiary educational institutions as well as special education. He has over 20 years of coaching and mentoring experience with mature students in life skills acquisition and leadership development. Dr Gan holds double doctorate degrees in Computer Science from the National University of Singapore and Chinese Philosophy from East China Normal University.

Jerry Lu

Senior Group Regional Manager,
S.E.A. Market Development

Mr Lu first joined the company as Marketing Manager in July 1995 and has been extensively involved in the strategic expansion and development of the Group's direct selling business within the region.

During this period, his consistent performance has led to his promotion as Senior Area Manager in 2007 and Regional General Manager in 2009. In 2011, he was subsequently appointed as Group Manager, Southeast Asia Market Development where his current role has been focused on the growth and development of the Group's interests in regions comprising Singapore, Thailand, Malaysia and Philippines.

These responsibilities include overseeing the strategic planning, business development, operational business processes of these individual markets and mapping out strategies to strengthen market networks. Mr Lu holds a Bachelor's Degree in Commerce (Information Systems) from Curtin University, Australia.

Jansen Tang

Senior Country Manager, Best World (China) Pharmaceutical Co., Ltd. (Hunan Branch) & Best World Lifestyle (China) Co., Ltd & BWL (Hong Kong) Company Limited

Group Manager, Regional Membership & Commission

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 Group Manager, Regional Membership & Commission in 2010 and 2015 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.

Simon Yeh Kuo Tang

Senior Country Manager, BWL (Taiwan) Co., Ltd

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 18 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 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.

Tan Hui Keng, Phyllis

Group Manager,
Supply Chain

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. 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 Development & Quality Control

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 March 2018. 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.

Corporate Information

DIRECTORS

Dora Hoan Beng Mui	Co-Chairman, Group 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

26 Tai Seng Street #05-01
Singapore 534057
Telephone: (65) 6899 0088
Facsimile: (65) 6636 1531
Email address: info@bestworld.com.sg
Website address: 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

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore
Partner in charge: Mr Ang Chuen Beng
(since financial year ended 31 December 2017)

[As at 30 June 2021]

Financial Calendar

- **17 September 2021**
  Proposed announcement of first half year results ended 30 June 2021

- **30 September 2021**
  Annual General Meeting 2020

- **11 November 2021**
  Proposed announcement of third quarter results ending 30 September 2021

- **24 February 2022**
  Proposed announcement of full year results for the financial year ending 31 December 2021

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 2020 ("**FY2020**"), 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, 2.4, 3.1, 3.2, 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.

<u>Provisions</u>	<u>Corporate Governance Practices of the Company</u>
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	
2020	
Dora Hoan Beng Mui	LED Mandarin (Core Modules)
	LED 6, Board Risk Committee Essentials
Doreen Tan Nee Moi	LED 6, Board Risk Committee Essentials
Huang Ban Chin	LED 4, Stakeholder Engagement
	LED 6, Board Risk Committee Essentials
	LED 7, Nominating Committee Essentials
	Building supply chain resilience - recovering from Covid 19 & preparing for unexpected events
	Changing FTA Landscape: CSFTA, EUSFTA, FTAs Post-Brexit – How can Business Benefit?
	Dealing with Cyber Breaches and Incidents of Fraud in Today's Remote Working Environment
	COVID-19 Trade Insights: Building resilience in your global trade operations
	Introduction to Free Trade Agreements (FTA)
	Boom in E-Commerce under COVID-19: A significant channel in China Cosmetic Market
	Navigating the Private Markets
	Tricor Agile Work – The Economics of Remote Work
	The Future of E-commerce Supply Chains
	The Future of Clean Skincare Webinar : Microbiome, CBD and Clean Ingredients
	Myanmar's Growing Consumer Market
	Testing trials for contract lab partnerships
	Business Expansion to India (Supply chain, Logistics and e-commerce tech)
2021	
Chester Fong Po Wai	LED1: Listed Entity Director Essentials
	LED2: Board Dynamics
	LED5: Audit Committee Essentials
Li Lihui	LED1: Listed Entity Director Essentials
	LED2: Board Dynamics
	LED3: Board Performance
	LED4: Stakeholder Engagement
	LED5: Audit Committee Essentials
	LED6: Board Risk Committee Essentials
	LED7: Nominating Committee Essentials
	LED8: Remuneration Committee Essentials
Pek Wei Liang	LED1: Listed Entity Director Essentials
	LED2: Board Dynamics
	LED3: Board Performance
	LED4: Stakeholder Engagement
	LED5: Audit Committee Essentials
	LED6: Board Risk Committee Essentials
	LED7: Nominating Committee Essentials
	LED8: Remuneration Committee Essentials

Our Independent director, Chester Fong Po Wai is currently based overseas and targets to complete the LED programme in 2021.

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 FY2020, 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 FY2020, 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 AND AGM FOR FY2020

	BOARD	AUDIT	REMUNERATION	NOMINATING	AGM	ATTENDANCE	
	Meetings Attended / No. of Meetings	Meetings Attended / No. of Meetings	Meetings Attended / No. of Meetings	Meetings Attended / No. of Meetings	Attended	Total	%
Dora Hoan Beng Mui	5/5	6/6	-	2/2	1	14/14	100%
Doreen Tan Nee Moi	5/5	6/6	-	-	1	12/12	100%
Huang Ban Chin	5/5	6/6	-	-	1	12/12	100%
Lee Sen Choon	5/5	6/6	2/2	2/2	1	16/16	100%
Adrian Chan Pengee	5/5	6/6	2/2	2/2	1	16/16	100%
Chester Fong Po Wai	5/5	6/6	2/2	2/2	1	16/16	100%
Li Lihui	5/5	6/6	-	2/2	1	14/14	100%
Pek Wei Liang (Bai Weiliang)	5/5	6/6	-	-	1	12/12	100%

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 FY2020, 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.

Rule 210(5)(d) of the Listing Manual of the SGX-ST, requires a director who has been a director for an aggregate period of more than 9 years (whether before or after listing) and whose continued appointment as an independent director ("ID") to seek approval in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officer. Accordingly, from 1 January 2022, a director will no longer be independent if he has been a director for an aggregate period of more than 9 years, unless his continued appointment as an ID has been sought and approved in separate resolutions by shareholders ("Two-Tier Vote"), as required under the 9-Year Rule. In order for Mr Lee Sen Choon to continue as an independent director beyond 1 January 2022, he will accordingly stand for the two-tier vote by the shareholders at the forthcoming Annual General Meeting.

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 is 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 practiced 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. In addition, the Board is of the view that the independent directors have demonstrated high commitment in their role as directors and have ensured that there is a good balance of power and authority and good corporate governance. The independent directors also assist in the development of proposals on strategy by constructively challenging management and reviewing the performance of management.

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

Excluding alternate directors, the Board is currently made up of half executive directors and half non-executive directors. 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 Board currently does not have a formal diversity policy but recognizes the importance of an appropriate balance and diversity of skills, experience, age, gender, knowledge and professional qualifications in building an effective Board. For this purpose, the NC reviews the Board's collective skills matrix during the annual assessment of the effectiveness of the Board. The Board 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 and 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

Where warranted, the non-executive directors meet on a need-be basis without the presence of management or executive directors or non-executive alternate directors 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 of developing the business of the Group and provides 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 & 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 relations 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

The Board has appointed Mr Lee Sen Choon, a NEID, as the Lead Independent Director. Mr Lee Sen Choon will be 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. 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 2020

- 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 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 and recommended training and professional development programmes for the Board and its directors.
- Reviewed the Director's independence criteria and assessment process.
- Reviewed the NC's proposal on improving corporate governance at Best World International Ltd and recommend it to the Board for endorsement.

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 Directors 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-appointment 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 by rotation at the forthcoming AGM and have been re-nominated for re-election:

Huang Ban Chin (Article 93)
Lee Sen Choon (Article 93)

The NC has recommended the nomination of the directors retiring by rotation for re-election at the forthcoming AGM. 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.

As described under Principle 2 of this report, Mr Lee Sen Choon will accordingly stand for the two-tier vote by the shareholders at the forthcoming Annual General Meeting in order for him to continue as independent director beyond 1 January 2022. 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 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.

Li Lihui and Pek Wei Liang were appointed as alternate directors to Dora Hoan Beng Mui and Doreen Tan Nee Moi respectively.

The NC also ensures that new directors are aware of their duties and obligations. Please also refer to Provision 1.2 above on the induction, training and development provided to new and existing directors.

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 FY2020

- Reviewed the renewal of the service agreements of executive directors;
- Reviewed the renewal of the terms of the service agreement of the Co-founder and Group President;
- Reviewed the remuneration level of executive directors;
- Reviewed the remuneration level of NEIDs;
- Reviewed the remuneration package of employees who are substantial shareholders, or are immediate family members of a director or CEO or substantial shareholder; and
- Agreed with the remuneration packages for the senior executives.

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.

<u>Provisions</u> <u>Corporate Governance Practices of the Company</u>

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.

From time to time where appropriate and at the renewal of the service agreements, the RC reviews the service contracts of the Company's executive directors. The compensation commitments in service contracts are reviewed periodically and notice periods for termination are also reviewed to ensure that they are not excessively long. The Company has entered into separate service agreements with the executive directors.

Key management remuneration comprises basic salary and a variable bonus which is based on individual and Group performance 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.

<u>Long Term Incentive Scheme</u>

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 appointments in the Board and its committees	67,000
Additional fee for chairing each Board Committee	13,000
Additional fee for appointment as Lead Independent Director	2,000

The RC had recommended to the Board an amount of S$242,000 as Directors' fees to be paid for FY2020, which will be tabled for shareholders' approval at the forthcoming AGM

Fees for independent non-executive 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.

Please also refer to Provisions 7.1 and 7.2 above for further details on the Company's policy and criteria for setting remuneration.

	Remuneration Bands / Remuneration	Salary[1] (%)	Bonus (%)	Benefits-in-kind (%)	Fees (%)	Total (%)
Executive Directors						
Dora Hoan Beng Mui	$12,250,000 to $12,500,000	7	92	1	-	100
Doreen Tan Nee Moi	$12,250,000 to $12,500,000	7	92	1	-	100
Huang Ban Chin	$7,500,000 to $7,750,000	8	91	1	-	100
Independent Directors						
Lee Sen Choon	$82,000	-	-	-	100	100
Adrian Chan Pengee	$80,000	-	-	-	100	100
Chester Fong Po Wai	$80,000	-	-	-	100	100
Top Five Key Management Personnel						
Jansen Tang	$1,500,000 to $1,750,000	12	88	-	-	100
Simon Yeh	$1,250,000 to $1,500,000	14	86	-	-	100
Jerry Lu	$500,000 to $750,000	32	68	-	-	100
Koh Hui	$500,000 to $750,000	38	61	1	-	100
Gan Kok Wee	$250,000 to $500,000	43	57	-	-	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 FY2020 was S$4,867,711.

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 FY2020 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	$100,000 – $200,000

8.3 **Details of Employee share schemes**

As mentioned in the policy for remuneration above, bonus targets are used to drive performance and amounts declared are based on individual performance and company performance for FY2020. Disclosure on all forms of remuneration has been 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 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 centers 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 centers 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 2020.

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.

<u>Provisions</u> <u>Corporate Governance Practices of the Company</u>

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;
   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 reviewed the non-audit services provided by the external auditors of the Company for FY2020. As at 31 December 2020, total fees paid/payable amounted to S$646,000 out of which S$639,000 is for audit services and S$7,000 is for non-audit services. The AC is of the opinion that the provision of such non-audit services did not impair the independence or objectivity of the external auditors of the Company.

Having reviewed the nature and extent of non-audit services rendered by the external auditors to the Company for the year ended 31 December 2020, the AC is of the opinion that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC had therefore recommended to the Board that the auditors, Ernst & Young LLP, be nominated for re-appointment as auditors at the forthcoming AGM of the Company.

The auditors, Ernst & Young LLP, have indicated their willingness to accept reappointment.

In recommending the re-appointment of the auditors, the Audit Committee 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 Ernst & Young LLP 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 key contacts at HQ and members of the Audit Committee. Independence is ensured as matters relating to subsidiaries can be referred to HQ contacts and matters relating to HQ can be referred to the Audit Committee.

An independent team reporting directly to the ERM committee or the Audit Committee 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 Audit Committee on a half-yearly basis, together with the findings and follow-up actions taken.

Summary of AC's activities in FY2020

(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;

(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 2020 as well as the Independent Auditors' Report thereon before submitting them to the Board for its approval.

Financial Reporting Matters

The Audit Committee noted that the external auditors have issued a "Disclaimer of Opinion" and did not express an opinion on the accompanying consolidated financial statements of the Group as at and for the financial year ended 31 December 2020 ("FY2020") and the statement of financial position of the Company as at 31 December 2020.

The Audit Committee noted the following basis for Disclaimer of Opinion raised by the external auditor in its audit report for FY2020. Below is the Audit Committee's commentary on the auditor's report:

Basis of Disclaimer of Opinion	Comments by the Audit Committee
Business model in China	The Audit Committee noted the changes to the business model over the period with the advice from lawyers to improve and ensure compliance to the requirements of China laws and regulations. - Working with State Owned vendors to ensure compliance BWL China engaged SDIC Human Resources Service Co., Ltd. ("SDIC"), a China's State-owned company, pursuant to the terms of a service agreement (the "SDIC Service Agreement") to make commission payments to the sales representatives of the franchisees, withhold and pay the personal income tax of the sales representatives, as well as talent recommendation and recruitment, assessment and human resources agency services, and management support in the aspects of sales, after-sales service, management, promotion, and advertising via a SDIC Service Agreement executed on 29 January 2021, further reducing the risk of non-compliance. The Audit Committee also noted that the Franchisee business model had been reviewed by two separate legal firms Merits and Tree (Beijing) Law Office ("M&T") and Dentons Beijing Office who collectively highlighted key points below. - Direct selling risk and risk of violation to be remote. - Differences between Franchisee product focused model and Chuan Xiao's typical recruitment focus and risk of the Franchisee model violating Chuan Xiao laws and regulations is remote. - Based on a review of a contract between BWL China and a third party promotion company, BWL China and a consulting service provider, and BW Changsha and a franchisee, Merits and Tree (Shanghai) Law Office concluded that the tax risk of the expenses paid by BW Changsha or BWL China under the reviewed contracts being classified as commissions (as defined in the Notice of the Ministry of Finance and the State Administration of Taxation on Policies Regarding the Pre-tax Deduction of Handling Fees and Commissions Incurred by Enterprises (No. 29 [2009] of Caishui) for taxation purposes is relatively low.

Basis of Disclaimer of Opinion	Comments by the Audit Committee
Business model in China	No record of penalties - Based on searches conducted by M&T with various legal information search platforms, including the Zhejiang Province administrative punishment information public network, M&T has not identified any instances of BW Changsha or BWL China having been administratively punished by any Chinese authorities for engaging in illegal direct selling or Chuan Xiao activities within the period from 1 June 2018 to 30 June 2021. - Based on certification letters from competent Chuan Xiao authorities, there were no records of administrative penalties. M&T inferred that the risk of regulatory action is low as the Chinese competent authorities are normally cautious in issuing such certificate letters. - Based on a search of the enterprise credit website of the State Administration for Market Regulation, Dentons also did not find any record of Chuan Xiao sale or penalty with respect to the Company, BW Changsha or BWL China in the past two years. Statute of limitation supports opinion that risk is remote - Article 36 of Law of the People's Republic of China on Administrative Penalties ("Article 36") provides that the competent authorities will not launch an investigation of an unlawful act that does not involve a citizen's life and health security or financial security after two years of its commission. The Audit Committee obtained assurance from management that the sole objective of the business activities under the Franchise Model is the sale of products in China and the Group's business does not profit from recruiting persons and remunerating recruiters on the basis of the number of persons recruited, or requiring recruiters to pay to participate and distribute the Group's products. In addition, management also accrued the risk of penalties due to possible association with Chuan Xiao to mitigate any financial impact. The Audit Committee was satisfied that adequate resources had been deployed to assess the legality of the franchise model and agrees with management that based on the conclusions in the 2021 M&T Legal Opinion and the Dentons Legal Opinion, the risk of the Group's operations' non-compliance with the direct selling and Chuan Xiao laws in China is remote and that the associated VAT claims and corporate income tax payments were properly made.
Relationship with the Group's former import agents and marketing agent	The Audit Committee noted the relationship, the chronology of events and the arrangements between the Group's former import agents and the marketing agent and noted these entities have ceased to operate. The Audit Committee directed BDO to develop a test to determine whether any Best World personnel are involved in the management of any other entities which are not within the Group as part of the agreed-upon audit procedures engagement. Based on BDO's work done, there were no significant exceptions noted. The Audit Committee was satisfied with the work done by BDO under the conflict of interest scope and management's commitment to monitor potential conflict of interests going forward. The Audit Committee also agrees with management's response that the issue regarding these past relationships is historical.

Basis of Disclaimer of Opinion	Comments by the Audit Committee
Classification of payments made to promotional companies	The Audit Committee noted that the classification of expenses could be impacted based on the interpretations of the SFRS(I) 15 Revenue from Contracts with Customers, whether they should be recorded as net against revenue instead of operating expenses. The Audit Committee had directed BDO to review a sample of payments made to the payment gateways (promotional companies) as part of the agreed-upon audit procedures engagement to check if these amounts were fully recorded in the accounts with recipient details. Based on BDO's findings, they did not note any exceptions. The amounts paid were supported with documentation and recipient details were available. The Audit Committee noted the findings by BDO. Although a classification issue with the expenses can happen, the Audit Committee noted that it does not impact the net profit and loss of the Group.

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

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 the Group and that Rule 716 of the Listing Manual has been complied with. Refer to Note 16 "Investments in subsidiaries" 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 takes 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.

<u>Provisions</u> <u>Corporate Governance Practices of the Company</u>

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.

In view of the current COVID-19 situation, 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. Shareholders may submit questions in advance of the AGM and appoint 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, Ernst & Young LLP, 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 FY2019 via electronic means on 26 February 2021.

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 2020, the Company had published the minutes of its 2019 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 Covid-19 pandemic, the Board has decided to temporarily suspend the implementation of any new dividend policy moving forward, as a prudent move to conserve the resources of the Company during this period of heightened economic volatility and business uncertainty. The Board and the Management will periodically assess the economic situation and the 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.

<u>Provisions</u> <u>Corporate Governance Practices of the Company</u>

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;
e) Share investor forum that publishes updated investors relations information; and
f) Analyst briefs organized for analysts and investors.

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 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) 6438 2990 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 FY2020 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, Chapter 289 of Singapore 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 FY2020, 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 of the SGX-ST Listing Rules

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 FY2020 Sustainability Report (the "Report"), which is aligned to SGX-ST's Listing Rules – Sustainability Reporting Guide, in May 2021. This Report is publicly accessible via Best World's website as well as on SGXNet.

INTERESTED PERSON TRANSACTIONS

Rule 1207(17) of 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:

a) disclose his or her interest to the Board, prior to any vote on the transaction;
b) in addition to compliance with a) above, recuse himself or herself from discussions, deliberations, or votes concerning the transaction; and
c) 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 FY2020 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	Daughter of Doreen Tan Nee Moi		
- Sales		13	NA
- Freelance commission paid		122	NA
- Marketing fee paid		215	NA
Pek Jia Rong	Daughter of Doreen Tan Nee Moi		
- Sales		40	NA
- Freelance commission paid		94	NA
Pek Jia Xuan	Daughter of Doreen Tan Nee Moi		
- Sales		42	NA
- Freelance commission paid		74	NA
Tan Geok Fong Felicia	Sister of Doreen Tan Nee Moi		
- Sales		58	NA
- Freelance commission paid		42	NA
- Marketing fee paid		116	NA
Huan Beng Choon	Brother of Dora Hoan Beng Mui		
- Sales		12	NA
- Freelance commission paid		150	NA
Chiang Cheng Ling (Zhang Zhenglin)	Daughter-in-law of Doreen Tan Nee Moi		
- Sales		14	NA
- Freelance commission paid		116	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 subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and 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 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; 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:

Dora Hoan Beng Mui
Doreen Tan Nee Moi
Huang Ban Chin
Lee Sen Choon
Adrian Chan Pengee
Chester Fong Po Wai
Li Lihui — Alternate Director to Dora Hoan Beng Mui
Pek Wei Liang (Bai Weiliang) — 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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct Interest		Deemed Interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Name of director				
Ordinary shares of the Company				
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[1]	23,300,000	–	–
Lee Sen Choon	207,500	207,500	–	–
Li Lihui	250,000	250,000	–	–

[1] Includes 7,000,000 ordinary shares and 13,000,000 ordinary shares held in the name of KGI Securities (Singapore) Pte Ltd and HSBC (Singapore) Nominees Pte Ltd respectively.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2021.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Options

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

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

There were no unissued shares of the Company under options as 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 Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company;
- Reviewed the internal auditors' 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 external and internal auditors;
- Reviewed effectiveness of the Group 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 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 external 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 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 external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external 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 Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

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

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Dora Hoan Beng Mui
Director

Doreen Tan Nee Moi
Director

Singapore
15 September 2021

Independent Auditor's Report

For the financial year ended 31 December 2020

Independent auditor's report to the members of Best World International Limited

Report on the Audit of the Financial Statements

Disclaimer of opinion

We were engaged to audit the financial statements of Best World International Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and Company as at 31 December 2020, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group, and the statement of financial position and the statement of changes in equity of the Company. Due to the significance of the matters described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

We have not been able to obtain sufficient audit evidence to provide a basis for an audit opinion in respect of the following areas:

- Business model in China

  As disclosed in Note 2.1(d) to the financial statements, the legal advice obtained by the Group in prior year indicated potential risk areas relating to the Group's franchise business model in China, including those of the transitional arrangement as disclosed in Note 2.1(b) where, up to 30 June 2019, the Group recorded sales revenue in China based on tax invoices issued to its franchisees, which average approximately 80% of the sales value of the goods to these franchisees under the franchise model. While the updated legal advice in 2021 indicates that the changes in the Group's operations in 2021 reduced the risk of violation of the relevant legal provisions under the Chinese law, the legal advice did not clearly conclude that the Group's franchise business model is in compliance with the requirements of China laws and regulations. Although the Group has obtained a separate legal opinion in 2021 from another firm, the matters stated in that legal opinion are not relevant to the audit of the current financial year as they had been prepared in respect of changes to the Group's operations in 2021.

  The basis of taxation applicable to the Group's operations in China in current and prior years is dependent on the determination of how the business model is evaluated by the relevant authorities in China. Due to the uncertain evaluation surrounding the nature of the business model, we are unable to determine whether there are any legal and tax implications in China in respect of the Group's business operations, and whether any adjustments or disclosures are required to the current and prior year financial statements.

Basis for disclaimer of opinion (cont'd)

- Relationship with the Group's import agents and marketing agent

  As disclosed in Note 2.1(c) to the financial statements, as noted in prior years, notwithstanding that the Group does not hold any beneficial equity interest in these entities, the Group in the past was substantially involved in the daily operations and exercised certain degree of management oversight and control over the financial affairs of its import agent and marketing agent. The Group management had represented that none of these entities are related to the Group and that the Group had justifiable commercial rationale for playing such roles in the entities. The Group's active involvement in the operating and financial matters of these entities raise questions on the commercial substance of the arrangement between the Group and its import and marketing agents.

  As in the previous financial year, we have not been able to obtain sufficient audit evidence to establish the business rationale for these arrangements or the exact nature of the relationship between the Group, its import agents and marketing agent. Due to a lack of evidence available to us, we are unable to consider all the relevant facts and circumstances to assess if the entities are related to the Group or whether their financial results should be included in the consolidated financial statements of the Group for the current and prior financial years. We are also unable to determine whether these arrangements are in compliance with the applicable laws and regulations or if there will be any consequential impact to the financial statements.

- Classification of payments to promotional companies

  As disclosed in Note 2.1(b) to the financial statements, from 1 July 2019, the Group engaged third party promotional companies to assist in the payment of commission to sales representatives, amongst other services. The payments by the Group to the promotional companies comprise commission payments to sales representatives and service fee for services rendered by these promotional companies to the Group. The entire service fee of $13,339,000 (RMB 66,704,000) for the financial year was classified as marketing fees in the profit or loss.

  We understand from management that the service fee paid to the promotional companies also include other payments to sales representatives. Due to the lack of documentary evidence available to us, we were unable to ascertain the breakdown between other payments to sales representatives and the service fee retained by the external promotional companies for services rendered by them. Other payments to sales representatives could fall as consideration payable to customers under SFRS(I) 15 Revenue from Contracts with Customers and is to be recorded against revenue instead of operating expenses. Accordingly, we are unable to determine if revenue and the related expenses are appropriately classified, presented and disclosed in the income statement.

In view of the matters set out in the preceding paragraphs, we are unable to determine the completeness and accuracy of the financial statements, nor are we able to quantify the extent of further adjustments or disclosures that might be necessary to the financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the year ended 31 December 2020 and prior year.

The audit opinion on the financial statements of the Group and Company for the year ended 31 December 2019 were disclaimed for similar reasons.

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), 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 responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (the "ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (the "ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on other legal and regulatory requirements

In our opinion, in view of the significance of the matters referred to in the Basis for disclaimer of opinion section of our report, we do not express an opinion on whether 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 partner on the audit resulting in this independent auditor's report is Ang Chuen Beng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
15 September 2021

Consolidated Statement
of Comprehensive Income

For the financial year ended 31 December 2020

	Note	2020 S$'000	2019 S$'000
Revenue			
Cost of sales	4	548,634	384,305
		(136,784)	(110,941)
Gross Profit		411,850	273,364
Interest income		1,455	1,632
Other income	5	6,603	4,953
Distribution costs		(138,390)	(87,062)
Administrative expenses		(81,489)	(68,879)
Other expenses	6	(5,576)	(3,922)
Finance costs	8	(464)	(529)
Share of results of a joint venture	17	787	–
Share of results of an associate	18	(242)	(210)
Profit before income tax	9	194,534	119,347
Income tax expense	10	(59,730)	(29,798)
Net profit for the year		134,804	89,549
Net profit for the year attributable to:			
Owners of the Company		135,205	89,622
Non-controlling interests		(401)	(73)
Earnings per share:		134,804	89,549
Basic (cents)	11	24.85	16.42
Diluted (cents)	11	24.85	16.42

For the financial year ended 31 December 2020

	2020 S$'000	2019 S$'000
Net profit for the year	134,804	89,549
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation, representing other comprehensive (loss)/ income for the financial year, net of tax	(70)	52
Total comprehensive income for the year	134,734	89,601
Total comprehensive income for the year attributable to:		
Owners of the Company	135,384	89,731
Non-controlling interests	(650)	(130)
	134,734	89,601

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Financial Position

As at 31 December 2020

	Note	Group 2020 S$'000	Group 2019 S$'000	Company 2020 S$'000	Company 2019 S$'000
Assets					
Non-current assets					
Property, plant and equipment	12	31,518	21,728	3,306	4,220
Investment property	13	1,109	1,127	–	–
Other intangible asset	14	7,744	7,975	–	–
Intangible assets	15	1,176	1,198	39	18
Right-of-use assets	25	10,749	13,219	4,033	5,040
Investment in subsidiaries	16	–	–	73,478	33,794
Investment in a joint venture	17	48,958	–	–	–
Investment in an associate	18	5,173	5,415	–	–
Deferred tax assets	10	27,138	13,662	–	–
Other financial assets	19	5,376	535	791	535
Cash and bank balances	23	–	1,000	–	–
		138,941	65,859	81,647	43,607
Current assets					
Inventories	20	102,787	103,695	27,952	56,984
Trade and other receivables	21	6,712	14,941	126,555	54,603
Other assets	22	15,282	20,188	8,790	9,360
Other financial assets	19	12,634	12,848	12,634	12,848
Cash and bank balances	23	334,032	240,071	175,104	102,873
		471,447	391,743	351,035	236,668
Total assets		610,388	457,602	432,682	280,275
Equity and liabilities					
Current liabilities					
Trade and other payables	24	142,519	137,627	69,019	56,617
Contract liabilities	4	7,506	44,609	–	–
Lease liabilities	25	3,731	3,894	1,389	1,235
Other financial liabilities	26	800	817	800	817
Other liabilities	27	1,586	1,302	1,239	1,082
Income tax payable	10	39,475	18,406	21,984	12,730
		195,617	206,655	94,431	72,481
Net current assets		275,830	185,088	256,604	164,187

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

As at 31 December 2020

	Note	Group 2020 S$'000	Group 2019 S$'000	Company 2020 S$'000	Company 2019 S$'000
Non-current liabilities					
Other liabilities	27	23,126	–	–	–
Deferred tax liabilities	10	8,298	5,441	4,899	2,572
Lease liabilities	25	6,362	8,848	2,388	3,351
Other financial liabilities	26	32,798	–	–	–
		70,584	14,289	7,287	5,923
Total liabilities		266,201	220,944	101,718	78,404
Net assets		344,187	236,658	330,964	201,871
Equity attributable to owners of the Company					
Share capital	28	20,618	20,618	20,618	20,618
Treasury shares	28	(10,591)	(10,591)	(10,591)	(10,591)
Retained earnings		314,810	223,277	320,615	191,522
Other reserves	29	21,923	5,277	322	322
		346,760	238,581	330,964	201,871
Non-controlling interests		(2,573)	(1,923)	–	–
Total equity		344,187	236,658	330,964	201,871
Total equity and liabilities		610,388	457,602	432,682	280,275

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2020

Group	Note	Attributable to owners of the Company									
		Share capital S$'000	Treasury shares S$'000	Retained earnings S$'000	Other reserves, total S$'000	Foreign currency translation reserve S$'000	Statutory Reserve S$'000	Other reserves S$'000	Equity attributable to owners of the Company, total S$'000	Non-controlling interests S$'000	Total equity S$'000
Opening balance at 1 January 2020		20,618	(10,591)	223,277	5,277	(75)	6,139	(787)	238,581	(1,923)	236,658
Total comprehensive income for the year		–	–	135,205	179	179	–	–	135,384	(650)	134,734
Contributions by and distributions to owners											
Transfer to statutory reserve	29	–	–	(16,467)	16,467	–	16,467	–	–	–	–
Dividends paid	37	–	–	(27,205)	–	–	–	–	(27,205)	–	(27,205)
Total contributions and distributions to owners		–	–	(43,672)	16,467	–	16,467	–	(27,205)	–	(27,205)
Closing balance at 31 December 2020		20,618	(10,591)	314,810	21,923	104	22,606	(787)	346,760	(2,573)	344,187
Opening balance at 1 January 2019		20,618	(2,010)	140,676	5,827	(184)	5,647	364	165,111	(2,966)	162,145
Total comprehensive income for the year		–	–	89,622	109	109	–	–	89,731	(130)	89,601
Contributions by and distributions to owners											
Purchase of treasury shares	28(b)	–	(8,581)	–	–	–	–	–	(8,581)	–	(8,581)
Restructuring exercise	16(k)	–	–	–	(1,151)	–	–	(1,151)	(1,151)	1,173	22
Transfer to statutory reserve	29	–	–	(492)	492	–	492	–	–	–	–
Dividends paid	37	–	–	(6,529)	–	–	–	–	(6,529)	–	(6,529)
Total contributions and distributions to owners		–	(8,581)	(7,021)	(659)	–	492	(1,151)	(16,261)	1,173	(15,088)
Closing balance at 31 December 2019		20,618	(10,591)	223,277	5,277	(75)	6,139	(787)	238,581	(1,923)	236,658

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity
For the financial year ended 31 December 2020

	Note	Share capital S$'000	Treasury shares S$'000	Retained earnings S$'000	Other reserve S$'000	Total equity S$'000
Company						
Opening balance at 1 January 2020		20,618	(10,591)	191,522	322	201,871
Total comprehensive income for the year		–	–	156,298	–	156,298
Contributions by and distributions to owners						
Dividends paid, representing total contributions and distributions to owners	37	–	–	(27,205)	–	(27,205)
Closing balance at 31 December 2020		20,618	(10,591)	320,615	322	330,964
Opening balance at 1 January 2019		20,618	(2,010)	114,192	322	133,122
Total comprehensive income for the year		–	–	83,859	–	83,859
Contributions by and distributions to owners						
Purchase of treasury shares	28(b)	–	(8,581)	–	–	(8,581)
Dividends paid	37	–	–	(6,529)	–	(6,529)
Total contributions and distributions to owners		–	(8,581)	(6,529)	–	(15,110)
Closing balance at 31 December 2019		20,618	(10,591)	191,522	322	201,871

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2020

	Note	2020 S$'000	2019 S$'000
Operating activities			
Profit before income tax		194,534	119,347
Adjustments for:			
Interest income		(1,455)	(1,632)
Interest expenses	8	464	529
Depreciation of property, plant and equipment	9	2,275	1,768
Depreciation of right-of-use assets	9	4,184	3,404
Depreciation of investment property	9	18	19
Amortisation of other intangible asset	9	231	231
Amortisation of intangible assets	9	79	79
Loss/(gain) on disposal of plant and equipment	5,6	7	(275)
Overprovision of restoration costs	5	–	(64)
Expected credit loss on trade receivables	6	1	67
Expected credit loss on other receivables	6	3	–
Fair value change in foreign exchange derivative	5,6	(17)	817
Fair value change in other financial assets	5	(521)	(652)
Fair value change in call option – Pedal Pulses Ltd.	6	1,600	–
Fair value change in put option – Pedal Pulses Ltd.	6	3,204	–
Rental concessions	25	(18)	–
Gain on termination of lease	25	(4)	–
Gain on lease modification	25	(439)	–
Inventories written down, net	6	758	1,211
Share of results of a joint venture	17	(787)	–
Share of results of an associate	18	242	210
Unrealised exchange losses/(gains), net		459	(784)
Operating cash flows before changes in working capital		204,818	124,275
Changes in working capital			
Decrease/(increase) in inventories		151	(71,938)
Decrease/(increase) in trade and other receivables		8,766	(9,823)
Decrease/(increase) in other assets		4,906	(5,788)
Increase in trade and other payables and other liabilities		27,946	62,012
(Decrease)/increase in contract liabilities		(37,103)	27,948
Cash flows generated from operations		209,484	126,686
Income tax paid		(49,687)	(38,988)
Net cash flows generated from operating activities		159,797	87,698

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows
For the financial year ended 31 December 2020

	Note	2020 S$'000	2019 S$'000
Investing activities			
Acquisition of a joint venture	17	(24,762)	–
Acquisition of an associate	18	–	(5,625)
Purchase of property, plant and equipment	12	(12,012)	(16,512)
Proceeds from disposal of property, plant and equipment		–	322
Purchase of intangible assets	15	(32)	(30)
Purchase of other financial assets	19	(318)	(2,506)
Proceeds from disposal of other financial assets	19	560	274
Interest received		1,455	1,632
Net cash flows used in investing activities		(35,109)	(22,445)
Financing activities			
Dividends paid on ordinary shares	37	(27,205)	(6,529)
Purchase of treasury shares	28(b)	–	(8,581)
Repayment of bank borrowings		–	(2,049)
Payment of lease liabilities	25	(4,549)	(3,551)
Interest paid		(1)	(24)
(Increase)/decrease in cash restricted in use		(16)	3,717
Net cash flows used in financing activities		(31,771)	(17,017)
Net increase in cash and cash equivalents		92,917	48,236
Effects of exchange rate changes on cash and cash equivalents		28	(572)
Cash and cash equivalents at beginning of the year		235,416	187,752
Cash and cash equivalents at end of the year	23	328,361	235,416

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

For the financial year ended 31 December 2020

1. Corporate information

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

The registered office and principal place of business of the Company is located at 26 Tai Seng Street, #05-01, Singapore 534057 and 15A Changi Business Park Central 1, Eightrium, #07-02, Singapore 486035 respectively.

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 subsidiaries are disclosed in Note 16 of the financial statements.

2. Summary of significant accounting policies

2.1 *Independent Review of the Group*

On 13 May 2019, SGX RegCo issued a Notice of Compliance ("Notice of Compliance") to the Group in connection with the Business Times article " Sales of DR's Secret in China: Best World's best-kept secret?" published on 18 February 2019 and Bonitas Research report dated 24 April 2019, requiring the Group to:

a. direct PwC ("Independent Accountant") to report solely to SGX RegCo on the scope and all findings pursuant to its independent review;

b. expand the scope of the Independent Accountant's review to determine the veracity of the Group's sales in China under the Export Model from FY2015 to FY2018 and whether these sales were conducted on normal commercial terms;

c. obtain an independent legal opinion on the legality of the Group's sales and distribution business under the franchise model;

d. procure the primary import agent and other import agents to provide access to financial, accounting and other corporate records and render all reasonable acts of assistance to SGX RegCo, the Independent Accountant or any person(s) as directed by the exchange; and

e. render full cooperation to SGX RegCo, the Independent Accountant or any person(s) as directed by SGX RegCo on their requests pursuant to the independent review.

On 23 July 2020, the Independent Accountant completed its independent review and set out its findings in a final report ("Final Report") that was issued to the audit committee of the Company. The Company announced the key findings of the Independent Accountant and management's responses, together with an executive summary of the Final Report, on 23 July 2020.

2. Summary of significant accounting policies (cont'd)

2.1 *Independent Review of the Group (cont'd)*

On 8 September 2020, the Company engaged BDO Advisory Pte Ltd ("BDO") to perform certain agreed upon procedures to address some of the areas of concern highlighted in the Final Report. BDO issued its final report on 5 February 2021. The procedures performed by BDO included reviewing processes related to sales and revenue recognition, inventory and delivery operations, conflict of interest management, and payments to third party promotion companies for the period from July 2020 to September 2020. The outcome of BDO's review was disclosed in Note 2.1 to the audited financial statements of the Group for FY2019.

The following matters relate to the Independent Accountant's findings in the Final Report:

(a) Potential sales cut-off issue for goods sold which were paid for but remained undelivered by the third-party logistics service provider

As disclosed in Note 2.1 to the audited financial statements of the Group for FY2019, with effect from August 2020, the Company implemented an integrated electronic inventory system for use with the third-party logistics service provider, pursuant to which sales invoices will only be generated, and sales will only be recorded, upon receipt of confirmation of delivery of the goods from the third-party logistics service provider. There is no sales cut-off issue for FY2020 as revenue recorded was based on actual delivery of the goods to recipients.

(b) Potential understatement of sales and expenses

As disclosed in Note 2.1 to the audited financial statements of the Group for FY2019, during the one-year transition period from the Export Model to the Franchise Model from June 2018 to June 2019, the Company's wholly-owned subsidiary, Best World (China) Pharmaceutical Co., Ltd. (Hunan Branch) (全美世界(中国)药业有限公司湖南分公司) ("BW Changsha"), sold products to the franchisees at the franchise price (approximately 80% of the recommended retail price) and the franchisees on-sold the products to sales representatives at the recommended retail prices of the relevant products, giving the franchisees trade rebates of approximately 20%. These transitional arrangements ceased on 30 June 2019 with the implementation of payment gateway solutions managed by third party promotion companies to assist franchisees with the payments of commissions to their sales representatives.

With effect from 1 July 2019, franchisees paid 100% of the recommended retail price of products based on tax invoices issued by BW Changsha and, with effect from 1 April 2020, tax invoices issued by Best World Lifestyle (China) Co., Ltd. (全美世界日用品有限公司) ("BWL China"). BW Changsha and BWL China then paid marketing fees amounting to approximately 20% of the recommended retail price (which represent the previous trade rebates) to the sales representatives of the franchisees through the third party promotion companies, which are recorded as net against revenue.

Management considers the issue of the potential understatement of sales and expenses to be historical, as the issue arose due to the transitional arrangements implemented by the Group from June 2018 to June 2019 to facilitate the Group's transition from the Export Model to the Franchise Model. Management believes that with the cessation of such arrangements since the completion of the transition in June 2019, the issue of potential understatement of sales and expenses has been resolved.

(b) Potential understatement of sales and expenses (cont'd)

BWL China, a wholly-owned subsidiary of the Company that was incorporated on 4 November 2019, has assisted BW Changsha in the distribution business since April 2020. The sales representatives work for the franchisees, who have entrusted BW Changsha and BWL China to oversee the payment of commissions to their sales representatives through the third party promotion companies since 1 July 2019. In FY2020, in consideration of the third party promotion companies making commission payments to the sales representatives of the franchisees in accordance with BW Changsha's and BWL China's payment structure, withholding and paying the personal income tax of the sales representatives and assisting with recruitment of sales representatives, BW Changsha and BWL China paid the third party promotion companies service fees, which were recorded as marketing fees as part of distribution costs. The third party promotion companies were unwilling to confirm to the Group's auditors the exact breakdown of the service fees and the actual percentage of fees retained by them respectively, due to their asserted confidentiality obligations owed to the Chinese tax authorities. Nonetheless, the service fees were based on contractual agreements at a rate which is in line with the fees charged by other payment companies that have provided quotes to management in China

On 29 January 2021, China's State-owned company, SDIC Human Resources Service Co., Ltd. ("SDIC"), was engaged by BWL China pursuant to the terms of a service agreement (the "SDIC Service Agreement") to make commission payments to the sales representatives of the franchisees, withhold and pay the personal income tax of the sales representatives, and provide talent recommendation and recruitment, assessment and human resources agency services, and management support in the aspects of sales, after-sales service, management, promotion, and advertising.

Based on a review of a contract between BWL China and a third party promotion company, BWL China and a consulting service provider, and BW Changsha and a franchisee, Merits and Tree (Shanghai) Law Office ("M&T Shanghai") opined that there is a relatively low risk of the expenses paid by BW Changsha or BWL China under the reviewed contracts being classified as commissions (as defined in the Notice of the Ministry of Finance and the State Administration of Taxation on Policies Regarding the Pre-tax Deduction of Handling Fees and Commissions Incurred by Enterprises (No. 29 [2009] of Caishui) for taxation purposes. Based on the tax opinion of M&T Shanghai, management is of the view that the associated VAT claims and corporate income tax payments were properly made.

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

In the Final Report, the Independent Accountant noted that the Group's employees were substantially involved in the financial and operational affairs of the Group's former import agents, 青岛贝汇贸易有限公司 ("Qingdao Beihui") and 长沙百世特威日用品贸易有限公司 ("Changsha Best"), and former marketing agent, Vicstar Lifestyle Pte Ltd ("Vicstar"). The Independent Accountant recommended, amongst others, that the Group's auditors consider the implications of the Group's involvement on its financial statements (if any). According to the Independent Accountant, it was not able to corroborate management's representations that Qingdao Beihui, Changsha Best and Vicstar are not related to the Group.

Management's position is that each of Qingdao Beihui, Changsha Best and Vicstar is an independent entity. The Group and its controlling shareholders did not have any legal or beneficial interests in Qingdao Beihui, Changsha Best or Vicstar, nor did the Group have any control of the voting power or any legal right to appoint or remove any directors of any of these entities.

2.1 *Independent Review of the Group (cont'd)*

(c) Relationship with the Group's former import agents and marketing agent (cont'd)

The working relationships between the Group and Qingdao Beihui, Changsha Best and Vicstar were governed by formal agreements entered into between the relevant parties. As disclosed in Note 2.1 to the audited financial statements of the Group for FY2019, there was and is no evidence to suggest that the Company, any of its subsidiaries or management received or were entitled to any of the profits of Qingdao Beihui, Changsha Best or Vicstar, and none of the management, including the Group Chief Executive Officer, were involved in any profit-sharing arrangements in relation to Qingdao Beihui, Changsha Best or Vicstar. Accordingly, management does not consider Qingdao Beihui, Changsha Best or Vicstar to be a related party of the Group.

Management considers this to be a historical issue as the Group ceased to sell products to Qingdao Beihui in September 2015 and Changsha Best in June 2018, and the Group also ceased all billings and transactions with Vicstar by 31 December 2019. All service agreements between the Group and Vicstar were formally terminated in November 2020. There were no transactions between the Group and Vicstar in FY2020.

Qingdao Beihui was deregistered in February 2019 and Changsha Best was deregistered in January 2020. Management understands that Vicstar is currently dormant and is in the process of undertaking a members' voluntary winding up.

(d) Legality of the Franchise Model

In accordance with the Notice of Compliance, the Company engaged Merits and Tree (Beijing) Law Office ("M&T") to provide an independent legal opinion dated 22 July 2020 on the legality of the Group's sales and distribution model under the Franchise Model ("2020 M&T Legal Opinion"). The 2020 Legal Opinion is based on the facts between 1 June 2018 to 31 December 2019. Based on the information on the Franchise Model (including the sales and distribution process) provided by the Company and M&T's review of the description of the business model in the Final Report, M&T advised that BW Changsha is qualified to engage in the franchise business in China and that the business model complies with franchise related laws and regulations in China. However, M&T also highlighted the following potential risks under direct selling and ChuanXiao laws in China:

(i) Direct Selling Risk

M&T noted that if the relevant authorities decide that the Sales Representatives, Province Representatives and City Representatives (collectively, the "Representatives") for the Group's products are in fact sales representatives of BW Changsha (as opposed to the franchisees), and determine that the Representatives sold relevant products to ultimate consumers outside of BW Changsha's fixed places of business, BW Changsha may be found to have conducted direct selling beyond the scope of the Group's direct selling licence. If such a finding were to be made, BW Changsha may be subject to administrative punishments which include confiscation of its direct selling products and illegal sales income, as well as a fine of between RMB50,000 and RMB500,000 (inclusive), and may be banned from operating. Further, the business license of the branch of a direct selling company which has illegal operations may be revoked.

2.1 *Independent Review of the Group (cont'd)*

(d) Legality of the Franchise Model (cont'd)

(i) Direct Selling Risk (cont'd)

BW Changsha confirmed to M&T in its Commitment Letter dated 8 July 2020 that the Representatives promoted the relevant products on behalf of the franchisees, BW Changsha did not recruit door-to-door salesmen to sell the relevant products directly to ultimate consumers outside its fixed places of business, and it only distributed the relevant products in China under the Franchise Model. Based on the foregoing facts confirmed by BW Changsha, M&T has confirmed that the Group's business model in China does not constitute direct selling. In addition, further to the 2020 M&T Legal Opinion, M&T issued a supplemental legal opinion on 30 August 2021 ("2021 M&T Legal Opinion"), which stated that based on the documents provided to M&T, the risk of BW Changsha violating the relevant direct selling laws and regulations is remote.

(ii) ChuanXiao Risk

Management would like to highlight that the sole objective of the business activities under the Franchise Model is the sale of products in China and the Group's business does not profit from recruiting persons and remunerating recruiters on the basis of the number of persons recruited, or requiring recruiters to pay to participate and distribute the Group's products.

In the 2020 M&T Legal Opinion, M&T noted that the commission structure under which Province Representatives and City Representatives receive commissions based on the purchase volume of the members recruited by the Province Representatives or City Representatives may be indicative of a ChuanXiao scheme in violation of ChuanXiao related provisions under China law. In the event that the commission structure is determined to contravene ChuanXiao related provisions, M&T has advised that BW Changsha may be subject to administrative punishments that include the confiscation of illegal properties and gains, a fine of between RMB100,000 and RMB2,000,000 (inclusive), and/or suspension of operations for rectification or revocation of its business license, but BW Changsha is unlikely to be subject to criminal liability. M&T has further observed that, in practice, the competent authority is usually very cautious in making a determination of ChuanXiao behavior.

While the 2020 M&T Legal Opinion may indicate potential risk areas of the Franchise Model in China, it does not constitute a determination by a competent court or governmental authority of any breach of law, or confirmation of liability. Based on searches conducted by M&T with various legal information search platforms, including the Zhejiang Province administrative punishment information public network, M&T has not identified any instances of BW Changsha or BWL China having been administratively punished by any Chinese authorities for engaging in illegal direct selling or ChuanXiao activities within the period from 1 June 2018 to 30 June 2021. In addition, M&T has reviewed certificate letters issued during 2019 and 2020 by the competent ChuanXiao authorities from the Zhejiang Province, the Sichuan Province, Chongqing City, Guiyang City, Changsha City, and the Panlong District of Kunming City, which state that BW Changsha has no records of administrative penalties for ChuanXiao. M&T has advised that the Chinese competent authorities are normally cautious in issuing such certificate letters, as such certificate letters to some extent reflect the low likelihood of these competent authorities taking investigative action against BW Changsha in future. Accordingly, M&T has advised that the risk of investigation by such competent authorities in the near future is relatively low.

2. Summary of significant accounting policies (cont'd)

2.1 *Independent Review of the Group (cont'd)*

(d) Legality of the Franchise Model (cont'd)

In the 2021 M&T Legal Opinion, M&T advised that since ChuanXiao laws and regulations are not specific, and whether any violation exists primarily depends on the administrative authority's determination after investigation, the risk of an investigation being initiated is relatively low, and this could demonstrate that the risk of being determined to violate the relevant laws and regulations is relatively low. Pursuant to the SDIC Service Agreement executed on 29 January 2021, sales representatives are recruited and managed by SDIC, a State-owned company. M&T has advised that the main risk takers under the relevant Chinese law are managers. Given SDIC's obligations to supervise BWL China under the SDIC Service Agreement, M&T has advised that the legal risks to BW Changsha and BWL China could be further reduced. In respect of the potential risks noted in the 2020 M&T Legal Opinion, M&T has advised that such risks will become more remote with the passage of time as Article 36 of Law of the People's Republic of China on Administrative Penalties ("Article 36") provides that the competent authorities will not launch an investigation of an unlawful act that does not involve a citizen's life and health security or financial security after two years of its commission. As a result, M&T has advised that the Group's operations after the date of the 2020 M&T Legal Opinion can further reduce the relevant legal risks.

Subsequent to the financial year end, the Company has also obtained a legal opinion dated 19 May 2021 from Dentons Beijing Office (part of the global law firm Dentons), one of the largest law firms in China ("Dentons Legal Opinion"). The scope of the Dentons Legal Opinion included an assessment of whether BW Changsha's current business in China violates the relevant ChuanXiao related provisions under China law. Management provided Dentons with the same description of the commission structure for sales representatives and basis of computation of sales commissions that was provided to M&T.

The Dentons Legal Opinion concluded that the Group's Franchise Model is not similar to a ChuanXiao model, as features of the Franchise Model distinguish it from a ChuanXiao model. Under the Franchise Model, the franchisees are rewarded for actual product sales to consumers, and these sales are supported by a transparent return and refund policy, which safeguards consumers' interests. This is markedly different from a ChuanXiao model, which rewards participants for recruiting new participants instead of sales of products. Such schemes are not designed to promote sales of products to consumers, and typically require participants to make a sizeable upfront payment for inventory at a price much higher than the fair market price. As there is no intention to sell the products to actual consumers, ChuanXiao schemes do not provide for a return and refund policy. Participants in ChuanXiao schemes subsequently profit by recruiting more people to make the same upfront payments and are compensated based on the number of people that they recruit. In addition, the Dentons Legal Opinion advised that, pursuant to Article 36, no administrative penalty will be imposed for an illegal act which is not found within two years. Based on a search of the enterprise credit website of the State Administration for Market Regulation, Dentons have not found any record of ChuanXiao sale or penalty with respect to the Company, BW Changsha or BWL China in the past two years.

Based on the conclusions in the 2021 M&T Legal Opinion and the Dentons Legal Opinion, management believes that the risk of the Group's operations' non-compliance with the direct selling and ChuanXiao laws in China is remote.

2. Summary of significant accounting policies (cont'd)

2.2 *Basis of preparation*

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

2.3 *Adoption of new standards*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2020. Other than the early adoption of amendment to SFRS(I) 16 Leases: Covid-19 Related Rent Concessions, the adoption of these standards did not have any effect on the financial performance or position of the Company.

Early adoption of amendment to SFRS(I) 16 *Leases*: Covid-19 Related Rent Concessions

The Group has early adopted the amendment to SFRS(I) 16 which introduced an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.

The Group has applied this practical expedient to all property leases. As a result of applying the practical expedient, rent concession of S$18,000 (Note 25) was recognised as a negative variable lease payments (i.e. reduction in the rental expenses) in the profit or loss during the year.

2. Summary of significant accounting policies (cont'd)

2.4 *Standards issued but not yet effective*

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-39 *Financial Instruments*, SFRS(I) 7 *Financial Instruments: Disclosures*, SFRS(I) 4 *Insurance Contracts*, SFRS(I) 16 *Leases:* Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendment to SFRS(I) 16: Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to SFRS(I) 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16 *Property, Plant and Equipment* – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets:* Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2019-2020	1 January 2022
SFRS(I) 17 *Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-1 *Presentation of Financial Statements:* Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures:* Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application.

2.5 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 *Basis of consolidation and business combinations (cont'd)*

(a) *Basis of consolidation (cont'd)*

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.6 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

2. Summary of significant accounting policies (cont'd)

2.6 Transactions with non-controlling interests (cont'd)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 *Foreign currency*

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.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.8 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land, are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Depreciation is computed on a straight-line method over their estimated useful lives of these assets as follow:

2.8 Property, plant and equipment (cont'd)

Leasehold buildings	-	1.3% per annum over lease term
Plant and equipment	-	8% to 33% per annum

'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 value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2.9 *Investment property*

Investment property is a property that is either owned by the Group or leased under a finance lease 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 estimated useful life of the remaining lease term at 1.3% per annum.

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.

2.10 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2.10 *Intangible assets (cont'd)*

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

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

2.11 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2.12 *Associate*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

2.12 *Associate (cont'd)*

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of results of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.13 *Joint venture*

A joint venture is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement. To the extent the joint arrangement provides the Company with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Company with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Company recognises its interest in joint venture as an investment and accounts for the investment using the equity method from the date on which it becomes a joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Company's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Company's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the joint venture's profit or loss in the period in which the investment is acquired.

2. Summary of significant accounting policies (cont'd)

2.13 *Joint venture (cont'd)*

Under the equity method, the investment in joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the joint venture. The profit or loss reflects the share of results of the operations of the joint venture. Distributions received from the joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Company recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Company and the joint venture are eliminated to the extent of the interest in the joint venture.

When the Company's share of losses in the joint venture equals or exceeds the carrying amount of the investment, together with any long-term interests that form part thereof, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in joint venture. The Company determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint venture are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

2.14 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

2.15 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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

Trade receivables are measured at the amount of 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 party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

<u>Investment in debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The two measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVPL. A gain or loss on a debt instruments that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

(iii) Derivatives

Derivative are initial recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

2.15 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derivative are initial recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.16 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.16 *Impairment of financial assets (cont'd)*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.17 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, fixed deposits, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.18 *Inventories*

Inventories are stated 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: purchase costs on a weighted average cost basis.

– 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 estimated costs of completion and the estimated costs necessary to make the sale.

2. Summary of significant accounting policies (cont'd)

2.19 *Provisions*

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for restoration costs

Provision for restoration cost arose from the estimated cost of dismantling, removing and restoring the leasehold properties at the end of their lease terms.

The restoration costs which are provided at the present value of estimated costs required to settle the obligation are recognised as part of the cost of that particular asset. The estimated future cost if restoration is reviewed annually and adjusted as appropriate.

2.20 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants shall be recognised in profit or loss on a systematic basis over the periods which the Group recognises as expenses the related costs for which the government grants are intended to compensate. Grants related to income are presented as a credit in profit or loss under "Other income".

2.21 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 *Employee benefits*

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

2.22 *Employee benefits* (cont'd)

Defined contribution plans (cont'd)

contribution pension schemes are recognised as an expense in the period in which the related service is performed.

The subsidiaries 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 subsidiaries' retired employees.

The subsidiary 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.

2.23 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.14.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments

2.23 *Leases* (cont'd)

(a) As lessee (cont'd)

Lease liabilities (cont'd)

that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.24 *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.

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, Indonesia, Singapore, and other

2.24 *Revenue* (cont'd)

Direct selling (cont'd)

The Group sold their products (except for products sold under the "Aurigen" brand) through an international network of independent active distributors across Taiwan, Indonesia, Singapore, and other markets such as Thailand, Malaysia, 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.

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.

Franchise sales

The Group sold their products (except for products sold under the "Aurigen" brand) through franchisees who are independent third parties 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.

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.

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.

2. Summary of significant accounting policies (cont'd)

2.24 *Revenue* (cont'd)

<u>*Consideration payable to a customer*</u>

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.

2.25 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Summary of significant accounting policies (cont'd)

2.25 *Taxes* (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associate, and joint venture where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associate, and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (cont'd)

2.25 *Taxes* (cont'd)

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.26 *Share capital and share issue expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 *Treasury shares*

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.28 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2. Summary of significant accounting policies (cont'd)

2.29 *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 35, including factors used to identify the reportable segments and the measurement basis of segment information.

3. Significant accounting judgments and estimates

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

3.1 *Judgements made in applying accounting policies*

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 subsidiaries 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 $39,475,000 (2019: $18,406,000), $8,298,000,(2019: $5,441,000) and $27,138,000 (2019: $13,662,000) respectively.

3.2 *Key sources of estimation uncertainty*

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.

<u>Call option</u>

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 2020 is S$4,585,000 (2019: S$Nil).

3. Significant accounting judgments and estimates (cont'd)

3.2 *Key sources of estimation uncertainty (cont'd)*

Fair value measurement of put and call option – Pedal Pulses Ltd. (cont'd)

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 2020 is S$32,798,000 (2019: S$Nil).

4. Revenue

Disaggregation of revenue

	Group	
	2020 S$'000	2019 S$'000
Primary geographical markets		
Taiwan	166,807	110,816
Singapore	27,456	8,764
People's Republic of China	278,295	235,661
Hong Kong	14,381	9,449
Malaysia	45,239	4,297
Others	16,456	15,318
Total revenue	548,634	384,305
Major operating segments		
Direct selling	270,192	148,213
Export	147	431
Franchise	276,623	233,240
Manufacturing / wholesale	1,672	2,421
Total revenue	548,634	384,305

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

4. Revenue (cont'd)

Contract liabilities

Information about contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2020 S$'000	2019 S$'000
Contract liabilities	7,506	44,609

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 year is S$44,609,000 (2019: S$16,661,000).

5. Other income

		Group	
	Note	2020 S$'000	2019 S$'000
Government grants		3,026	802
Service fee income		–	2,411
Foreign exchange gains, net		2,764	–
Rental income		65	124
Miscellaneous income		192	625
Overprovision of restoration costs	27	–	64
Fair value change in other financial assets	19	521	652
Fair value change in foreign exchange derivatives	26	17	–
Rent concessions		18	–
Gain on disposal of plant and equipment		–	275
		6,603	4,953

Service fee income

Service fee income relates to the provision of information system support services to external parties and is recognised over time on a straight-line basis when the services are rendered.

5. Other income (cont'd)

Government grant

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 Support Scheme given out by the Singapore government and a government grant to one of our China subsidiaries to help companies during the period of economic uncertainty.

6. Other expenses

		Group	
	Note	2020 S$'000	2019 S$'000
Expected credit loss on trade receivables	21	1	67
Expected credit loss on other receivables	21	3	–
Fair value change in foreign exchange derivatives	26	–	817
Fair value change in call option – Pedal Pulses Ltd.	19	1,600	–
Fair value change in put option – Pedal Pulses Ltd.	26	3,204	–
Foreign exchange loss, net		–	1,432
Inventories written-down, net	20	758	1,211
Loss on disposal of plant and equipment		7	–
Others		3	395
		5,576	3,922

7. Distribution costs and administrative expenses

		Group	
	Note	2020 S$'000	2019 S$'000
Included in distribution costs			
- convention expenses		7,897	10,338
- commission expenses		106,356	51,774
- franchise sales related expenses		13,339	8,467
- training expenses		338	617
Included in administrative expenses			
- employee benefit expenses (including Directors' remuneration)		65,080	41,545
- amortisation of intangible assets	15	79	79
- amortisation of other intangible asset	14	231	231
- operating lease expense relating to short-term leases	25	301	513

7. Distribution costs and administrative expenses (cont'd)

Convention expenses

Convention expenses relate to event expenses, accommodations, travelling expenses and related tour expenses incurred to hold the annual convention event held 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 fees for market research, marketing strategies, training, handling fees and other services as required by the Group.

8. Finance costs

		Group	
	Note	2020 S$'000	2019 S$'000
Interest expense			
- bank borrowings		1	24
- lease liabilities	25	463	505
		464	529

9. Profit before income tax

Profit before income tax is arrived at after charging the following:

	Note	Group	
		2020 S$'000	2019 S$'000
Audit fees paid/payable to:			
- Auditor of the Company		639	683
- Other auditors		112	87
Non-audit fees paid/payable to auditor of the Company		7	26
Professional fees		4,928	12,153
Directors fees		242	242
Employee benefits expenses (including directors):		65,657	42,211
- Salaries, bonuses and allowances (included in distribution cost)		577	666
- Salaries, bonuses and allowances (including Directors' remuneration)		63,076	39,381
- Employer's contribution to defined contribution plan		2,004	2,164
Amortisation of intangible assets	15	79	79
Amortisation of other intangible asset	14	231	231
Depreciation of right-of-use assets	25	4,184	3,404
Depreciation of property, plant and equipment	12	2,275	1,768
Depreciation of investment property	13	18	19

10. Income tax expense

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

The major components of income taxes for the financial years ended 31 December 2020 and 2019 are:

	Note	Group	
		2020 S$'000	2019 S$'000
Consolidated statement of profit or loss:			
Current income tax:			
- Current income taxation		57,120	32,423
- Under-provision in respect of previous years		7,128	25
- Withholding tax		6,101	6,698
		70,349	39,146
Deferred income tax:			
- Origination and reversal of temporary differences	10(c)	(10,619)	(9,348)
Income tax expense recognised in profit or loss		59,730	29,798

10. Income tax expense (cont'd)

(b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the Singapore corporate tax rate for the years ended 31 December 2020 and 2019 is as follows:

	Group	
	2020 S$'000	2019 S$'000
Profit before income tax	194,534	119,347
Tax calculated at Singapore tax rate of 17%	33,071	20,289
Adjustments:		
Effect of different tax rates in other countries	5,631	2,100
Income not subject to tax	(1,439)	(859)
Expenses not deductible for tax purposes	5,696	2,549
Tax concession, rebates and exemptions	(247)	(192)
Deferred tax assets not recognised	1,059	884
Under-provision for tax in respect of previous years	7,128	25
Effect of utilisation of tax losses not previously recognised	–	(98)
Deferred tax relating to undistributed earnings of subsidiaries	2,692	(1,423)
Withholding tax	6,101	6,698
Others	38	(175)
Income tax expense recognised in profit or loss	59,730	29,798

10. Income tax expense (cont'd)

(c) Deferred tax assets/(liabilities)

	Group				Company	
	Consolidated statement of financial position		Consolidated statement of profit or loss		Statement of financial position	
	2020	2019	2020	2019	2020	2019
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Deferred tax liabilities						
Excess of net book value of plant and equipment over tax values	(248)	(270)	(22)	–	(248)	(270)
Unrealised profits on inventories arising from intra-group sale	–	–	–	5,296	–	–
Undistributed earnings of subsidiaries	(7,995)*	(5,303)*	2,692	(1,423)	(4,601)*	(2,434)*
Unremitted interest income	(97)	(62)	35	–	(97)	(62)
Provisions	246*	191*	(55)	–	246*	191*
Leases	(47)	–	47	–	(43)	–
Others	(157)	3	160	–	(156)	3
	(8,298)	(5,441)			(4,899)	(2,572)
Deferred tax assets						
Provisions	1,282	365	(917)	69	–	–
Unrealised profits on inventories arising from intra-group sale	25,668	13,131	(12,537)	(13,131)	–	–
Excess of net book value of plant and equipment over tax values	–	–	–	(9)	–	–
Others	188	166	(22)	(150)	–	–
	27,138	13,662			–	–
			(10,619)	(9,348)		

* The Group had offset these deferred tax assets and deferred tax liabilities as these relate to the same taxable entity and the same taxation authority.

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately S$7,728,000 (2019: S$7,780,000) 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)

Unrecognised tax losses (cont'd)

These tax losses have no expiry date except for an amount of S$6,941,000 (2019: S$6,993,000) which will expire in the next 5 years as follows:

	Group	
	2020	2019
	S$'000	S$'000
Can be utilised up to:		
2020	–	550
2021	275	275
2022	3,249	3,892
2023	1,088	1,088
2024	1,188	1,188
2025	1,141	–
	6,941	6,993

Tax consequences of proposed dividends

For the financial year ended 31 December 2020 and 2019, 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 (Note 37).

11. Earnings per share

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

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2020	2019
	S$'000	S$'000
Net profit for the financial year attributable to owners of the Company	135,205	89,622

	Group	
	2020	2019
	'000	'000
Weighted average number of ordinary shares for basic earnings per share computation and diluted earnings per share computation*	544,100	545,940

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

There are no dilutive potential ordinary shares.

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						
Cost						
At 1 January 2019	51	659	1,575	–	16,941	19,226
Additions	–	–	4,457	8,194	3,861	16,512
Disposals	–	–	–	–	(2,333)	(2,333)
Reclassification to right-of-use assets	–	–	–	–	(882)	(882)
Exchange differences	–	2	–	–	(50)	(48)
At 31 December 2019 and 1 January 2020	51	661	6,032	8,194	17,537	32,475
Additions	–	–	6,758	3,231	2,023	12,012
Disposals	–	–	–	–	(398)	(398)
Exchange differences	–	–	–	–	252	252
At 31 December 2020	51	661	12,790	11,425	19,414	44,341
Accumulated depreciation						
At 1 January 2019	–	152	–	–	11,604	11,756
Depreciation charge for the year	–	11	–	–	1,757	1,768
Disposals	–	–	–	–	(2,286)	(2,286)
Reclassification to right-of use assets	–	–	–	–	(467)	(467)
Exchange differences	–	–	–	–	(24)	(24)
At 31 December 2019 and 1 January 2020	–	163	–	–	10,584	10,747
Depreciation charge for the year	–	11	–	–	2,264	2,275
Disposals	–	–	–	–	(391)	(391)
Exchange differences	–	–	–	–	192	192
At 31 December 2020	–	174	–	–	12,649	12,823
Net carrying amount						
At 31 December 2020	51	487	12,790	11,425	6,765	31,518
At 31 December 2019	51	498	6,032	8,194	6,953	21,728

	Plant and equipment S$'000
Company	
Cost	
At 1 January 2019	8,419
Additions	2,490
Disposals	(1,109)
Reclassification to right-of-use assets	(882)
At 31 December 2019 and 1 January 2020	8,918
Additions	512
Disposals	(817)
At 31 December 2020	8,613
Accumulated depreciation	
At 1 January 2019	5,357
Depreciation charge for the year	888
Disposals	(1,080)
Reclassification to right-of-use assets	(467)
At 31 December 2019 and 1 January 2020	4,698
Depreciation charge for the year	1,179
Disposals	(570)
At 31 December 2020	5,307
Net carrying amount	
At 31 December 2020	3,306
At 31 December 2019	4,220

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

As at 31 December 2020 and 2019, none of the Group's plant and equipment were under finance lease arrangements.

During the financial year ended 31 December 2020, certain leasehold properties of the Group's subsidiary with net carrying value of S$397,000 (2019: S$403,000) were mortgaged to banks to secure banking facilities granted by the banks (Note 34(b)).

13. Investment property

	Group S$'000
Statement of financial position	
Cost	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	1,400
Accumulated depreciation	
At 1 January 2019	254
Depreciation charge for the year	19
At 31 December 2019 and 1 January 2020	273
Depreciation charge for the year	18
At 31 December 2020	291
Net carrying amount	
At 31 December 2020	1,109
At 31 December 2019	1,127

	Group	
	2020 S$'000	2019 S$'000
Statement of profit or loss		
Rental income from investment property	65	124
Direct operating expenses arising from investment property that generated rental income	(4)	(12)

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 2020 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	59 years

Valuation of investment property

The fair value of the investment property was measured as at 31 December 2020 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 in December 2020. 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 33(c).

13. Investment property (cont'd)

Property pledged as security

The investment property was pledged as security for certain unutilised banking facility as at 31 December 2019. The banking facility was terminated during 2020 and the pledge over the security was discharged in 2021.

14. Other intangible asset

	Group S$'000
Cost	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	8,737
Accumulated amortisation	
At 1 January 2019	531
Amortisation charge for the year	231
At 31 December 2019 and 1 January 2020	762
Amortisation charge for the year	231
At 31 December 2020	993
Net carrying amount	
At 31 December 2020	7,744
At 31 December 2019	7,975

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 2019, 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.

Other intangible asset at carrying value of S$7,975,000 was mortgaged to banks in 2019 to secure banking facilities granted by the banks (Note 34(b)).

15. Intangible assets

	Goodwill S$'000	Licenses S$'000	Trademarks S$'000	Customer relationship S$'000	Total S$'000
Group					
Cost					
At 1 January 2019	1,016	8,570	840	740	11,166
Additions	–	14	16	–	30
Exchange differences	–	(66)	(49)	–	(115)
At 31 December 2019 and 1 January 2020	1,016	8,518	807	740	11,081
Additions	–	6	26	–	32
Exchange differences	–	117	75	–	192
At 31 December 2020	1,016	8,641	908	740	11,305
Accumulated amortisation and impairment					
At 1 January 2019	324	8,053	786	740	9,903
Amortisation charge for the year	–	77	2	–	79
Exchange differences	–	(101)	2	–	(99)
At 31 December 2019 and 1 January 2020	324	8,029	790	740	9,883
Amortisation charge for the year	–	74	5	–	79
Exchange differences	–	93	74	–	167
At 31 December 2020	324	8,196	869	740	10,129
Net carrying amount					
At 31 December 2020	692	445	39	–	1,176
At 31 December 2019	692	489	17	–	1,198

15. Intangible assets (cont'd)

	Trademarks S$'000
Company	
Cost	
At 1 January 2019	610
Additions	16
At 31 December 2019 and 1 January 2020	626
Additions	26
At 31 December 2020	652
Accumulated amortisation	
At 1 January 2019	605
Amortisation charge for the year	3
At 31 December 2019 and 1 January 2020	608
Amortisation charge for the year	5
At 31 December 2020	613
Net carrying amount	
At 31 December 2020	39
At 31 December 2019	18

Goodwill

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

	Group	
	2020 S$'000	2019 S$'000
Best World (China) Pharmaceutical Co., Ltd. ("BWC") – Manufacturing/wholesale	686	686
BWL (Thailand) Company Limited ("BWLT")	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.

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 $324,000.

15. Intangible assets (cont'd)

Goodwill (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 25% to 28% (2019: 3%) and the pre-tax discount rate applied in the cash flow projections is 16.5% (2019: 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 year.

Licences

Included in licenses are direct selling license registered under BWC with net carrying amount of S$296,000 (2019: S$330,000). 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 has recognised 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 (2019: S$Nil).

16. Investment in subsidiaries

	Company	
	2020 S$'000	2019 S$'000
Unquoted equity shares, at cost	12,809	12,809
Loan to subsidiaries	69,814	30,130
Accumulated impairment losses	(9,145)	(9,145)
	73,478	33,794

Loan to subsidiaries

These relates to loans to subsidiaries 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 subsidiaries, they are stated at cost.

16. Investment in subsidiaries (cont'd)

Composition of the Group

The Group has the following investment in subsidiaries.

		Cost		Effective percentage of equity held by Group	
Name of subsidiaries and country of incorporation	Principal activities	2020 S$'000	2019 S$'000	2020 %	2019 %
Held by the Company					
Best World Lifestyle Pte. Ltd. [a] (Singapore)	Distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	1,251	1,251	100	100
Avance Living Pte. Ltd. [a] (Singapore)	Distribution of nutritional supplements, personal care products and healthcare equipment	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] [j] (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 [b] (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

16. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries and country of incorporation	Principal activities	Cost 2020 S$'000	Cost 2019 S$'000	Effective percentage of equity held by Group 2020 %	Effective percentage of equity held by Group 2019 %
Held by the Company					
BWL Korea Co., Ltd [i] (Korea)	Distribution of skin care, health food and equipment	2,438	2,438	100	100
PT BWL Indonesia [h] [k] (Indonesia)	Distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	193	193	80	80
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 [i] [j] (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] [l] (Singapore)	Distribution of cosmetics, skin care products and toiletries mainly from online sales	–*	–*	100	–
Celcott Investments Pte. Ltd. [a] (Singapore)	Investment holding	–*	–*	100	100
Best World Taiwan Holdings Pte. Ltd. [i] (Singapore)	Investment holding	–*	–*	100	100
MDUK Investments Pte. Ltd [a] (Singapore)	Investment holding	–*	–*	100	–
		12,809	12,809		

* less than S$1,000

16. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries and country of incorporation	Principal activities	Effective percentage of equity held by Group 2020 %	Effective percentage of equity held by Group 2019 %
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 Ernst & Young LLP.

[b] Audited by member firms of RSM International.

[c] Audited by Reyes Tacandong & Co.

[d] Audited by member firms of Ernst & Young Global in the respective countries.

[e] Audited by DTL Auditing Company Ltd.

[f] Audited by Crowe Horwath Malaysia, a member of Crowe Horwath International.

[g] Audited by Hunan Zhongqiao Sanxiang Certified Public Accountants

[h] Audited by Tjahjadi & Tamara, a member of Morison KSi

[i] Not subject to any statutory requirements under the relevant rules and regulations in their countries of incorporation.

16. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

[j] The Group has accounted for the entity as a subsidiary as the Group controls the relevant activities (including financial and operating policies) of the entity through a shareholders' agreement.

[k] On 22 January 2019, PT BWL Indonesia issued 2,000 new common shares to Best World International Limited for a subscription price of RP2,000,000,000 (equivalent to S$193,000). The restructuring exercise was completed on 1 February 2019. There was no change in effective shareholding of 80% subsequent to the restructuring. Prior to the restructuring, the entity is not owned by the Group directly or indirectly through subsidiaries, but is consolidated as the Group has control over the entity's relevant activities (including financial and operating policies) by virtue of an agreement with the shareholders of the entity whereby the Group has 80% effective control over the entity.

[l] 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.

[m] The Group incorporated Best World Investments Pte Ltd. on 1 April 2020. Best World Investments Pte Ltd. changed its name to MDUK Investments Pte. Ltd. on 5 June 2020.

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 subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

The Directors have assessed that the Group did not have subsidiaries with non-controlling interests that are material to the Group as at 31 December 2020.

Restructuring of PT Best World Indonesia and PT BWL Indonesia

On 22 January 2019, PT BWL Indonesia issued 2,000 new common shares to Best World International Limited for a subscription price of RP2,000,000,000 (equivalent to S$193,000). The restructuring exercise was completed on 1 February 2019. There was no change in effective shareholding subsequent to the restructuring.

The following summarises the effect of the change in the Group's ownership interest in PT BWL Indonesia on the equity attributable to owners of the Company:

	Company 2019 S$'000
Consideration paid for acquisition of non-controlling interest	193
Increase in equity attributable to non-controlling interest	1,173
Others	(215)
Decrease in equity attributable to owners of the Company	1,151

16. Investment in subsidiaries (cont'd)

Impairment loss recognised

During the financial year ended 31 December 2019, an impairment loss of S$193,000 was recognised to fully write down the carrying value of the investment in PT BWL Indonesia to its recoverable amount as the subsidiary had been persistently making losses. No such impairment loss was recognised in the current financial year ended 31 December 2020.

Movement in accumulated impairment losses was as follows:

	Company	
	2020 S$'000	2019 S$'000
At 1 January	9,145	8,952
Impairment loss charged to profit or loss	–	193
Balance at 31 December	9,145	9,145

Undertaking to support subsidiaries with deficit position

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

	Company	
	2020 S$'000	2019 S$'000
Total net deficit position of subsidiaries	19,477	17,787

17. Investment in a joint venture

	Group	
	2020 S$'000	2019 S$'000
Cash consideration paid	24,762	–
Fair value of call option as at date of acquisition	(6,185)	–
Fair value of put option as at date of acquisition	29,594	–
Share of post-acquisition results	787	–
	48,958	–

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

Details of the joint venture are as follows:

Name of company	Principal activities	Principal place of business	Ownership interest	
			2020	2019
			%	%
Pedal Pulses Ltd. [(a)]	Retail sales of products for feet, legs and hands and provision of podiatry and beauty services	United Kingdom	49.9	–

[(a)] Audited by Audited by Aspen Waite Limited UK

On 3 April 2020, the Group has through its wholly-owned subsidiary, 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 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..

The summarised financial information in respect of Pedal Pulses Ltd., based on its IFRS financial statements and a reconciliation with the carrying amount of investment in the consolidated financial statements are as follows:

Summarised balance sheets

	2020 S$'000
Current assets	10,658
Non-current assets	1,556
Current liabilities	(4,100)
Non-current liabilities	(300)
Net assets, representing surplus in equity	7,814
Proportion of the Group's ownership	49.9%
Group's share of net assets	3,240
Fair value adjustment on net assets acquired	5,798
Group's share of results for the period	787
Goodwill on acquisition	39,133
Carrying amount of the investment	48,958

Summarised statement of comprehensive income

	2020 S$'000
Revenue	14,591
Cost of sales	(5,929)
Administrative expense, including depreciation and amortisation of S$320,000	(5,467)
Distribution costs	(499)
Profit before income tax	2,696
Income tax expense	(609)
Profit for the financial period, representing total comprehensive income for the financial period	2,087
Proportion of the Group's ownership	49.9%
Group's share of total comprehensive income for the financial period	1,023
Adjustment for fair value differences	(236)
Group's share of results for the period	787
Group's cumulative share of results	787

The joint venture had no contingent liabilities or capital commitments as at 31 December 2020.

18. Investment in an associate

	Group	
	2020 S$'000	2019 S$'000
Shares, at cost	5,625	5,625
Share of post-acquisition results	(452)	(210)
	5,173	5,415

Details of the associate are as follows:

Name of company	Principal activities	Principal place of business	Ownership interest	
			2020	2019
			%	%
Celligenics Pte. Ltd.[(a)]	Research and development of Biotechnology, life and medical sciences	Singapore	12.5	12.5

[(a)] Audited by Pricewaterhouse Coopers LLP

18. Investment in an associate (cont'd)

On 21 January 2019, the Company's wholly-owned subsidiary, 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, 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.

The summarised financial information in respect of Celligenics Pte. Ltd., based on its IFRS financial statements and a reconciliation with the carrying amount of investment in the consolidated financial statements are as follows:

Summarised balance sheets

	2020 S$'000	2019 S$'000
Current assets	1,355	3,300
Non-current assets	82	43
Current liabilities	(136)	(108)
Non-current liabilities	(3)	–
Net assets, representing surplus in equity	1,298	3,235
Proportion of the Company's ownership	12.5%	12.5%
Company's share of net assets	162	404
Goodwill on acquisition	4,949	4,949
Other adjustments	60	62
Carrying amount of the investment	5,171	5,415

Summarised statement of comprehensive income

	2020 S$'000	2019 S$'000
Other Income	330	270
Administrative expenses	(1,741)	(1,012)
Research and development	(524)	(952)
Finance cost	(3)	–
Loss before income tax	(1,938)	(1,694)
Income tax expense	–	–
Loss for the financial year, representing total comprehensive loss for the financial year	(1,938)	(1,694)
Proportion of the Company's ownership	12.5%	12.5%
Company's share of results for the year	(242)	(210)
Company's cumulative share of results	(452)	(210)

The associate had no contingent liabilities or capital commitments as at 31 December 2020 and 2019.

19. Other financial assets

	Group			
	Carrying value		Fair value	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Non-current:				
Quoted bonds, classified as financial instruments at amortised cost, in corporations with fixed interest rate at:				
5.38% maturing on 31 January 2023 (effective rate: 5.70% (2019: 5.38%)), PRC	264	268	70	216
4.38% maturing on 9 January 2023 (effective rate: 4.74% (2019: 4.75%)), Singapore	263	267	276	277
3.00% maturing on 31 March 2022 (effective rate: 3.00% (2019: Nil)), Luxembourg	264	–	265	–
	791	535	611	493
Financial assets at FVPL:				
Call option – Pedal Pulses Ltd.	4,585	–	4,585	–
Total other financial assets (non-current)	5,376	535	5,196	493
Current:				
Quoted bonds, classified as financial instruments at amortised cost, in corporations with fixed interest rate at:				
3.50% maturing on 21 April 2020 (effective rate: Nil (2019: 3.51%)), British Virgin Islands	–	269	–	272
4.85% maturing on 31 January 2020 (effective rate: Nil (2019: 4.40%)), Singapore	–	269	–	275
	–	538	–	547
Financial instruments at FVPL:				
United High Grade Corporate Bond Fund	2,314	2,147	2,314	2,147
United SGD Fund United SGD Fund – AACCUSDH	10,320	10,163	10,320	10,163
Total other financial assets (current)	12,634	12,848	12,634	12,857
Total other financial assets (current and non-current)	18,010	13,383	17,830	13,350

	Company			
	Carrying value		Fair value	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Non-current:				
Quoted bonds, classified as financial instruments at amortised cost, in corporations with fixed interest rate at:				
5.38% maturing on 31 January 2023 (effective rate: 5.70% (2019: 5.38%)), PRC	264	268	70	216
4.38% maturing on 9 January 2023 (effective rate: 4.74% (2019: 4.75%)), Singapore	263	267	276	277
3.00% maturing on 31 March 2022 (effective rate: 3.00% (2019: Nil)), Luxembourg	264	–	265	–
Total other financial assets (non-current)	791	535	611	493
Current:				
Quoted bonds, classified as financial instruments at amortised cost, in corporations with fixed interest rate at:				
3.50% maturing on 21 April 2020 (effective rate: Nil (2019: 3.51%)), British Virgin Islands	–	269	–	272
4.85% maturing on 31 January 2020 (effective rate: Nil (2019: 4.40%)), Singapore	–	269	–	275
	–	538	–	547
Financial instruments at FVPL:				
United High Grade Corporate Bond Fund	2,314	2,147	2,314	2,147
United SGD Fund United SGD Fund – AACCUSDH	10,320	10,163	10,320	10,163
Total other financial assets (current)	12,634	12,848	12,634	12,857
Total other financial assets (current and non-current)	13,425	13,383	13,245	13,350

Funds pledged for undrawn available credit facilities

Funds amounting to S$2,212,000 (2019: S$2,186,000) were pledged to banks to secure banking facilities granted to the Group as disclosed in Note 34(b).

A reconciliation of other financial assets at 31 December 2020 is as follows:

				Non-cash changes			
	1 January 2020 S$'000	Addition S$'000	Disposal S$'000	Non-cash addition S$'000	Fair value adjustment S$'000	Foreign exchange movement S$'000	31 December 2020 S$'000
Group							
Non-current:							
Financial instruments at amortised cost	535	279	–	–	–	(23)	791
Financial instruments at FVPL	–	–	–	6,185	(1,600)	–	4,585
Current:							
Financial instruments at amortised cost	538	–	(560)	–	–	22	–
Financial instruments at FVPL	12,310	39	–	–	521	(236)	12,634
Total	13,383	318	(560)	6,185	(1,079)	(237)	18,010

				Non-cash changes			
	1 January 2019 S$'000	Addition S$'000	Disposal S$'000	Fair value adjustment S$'000	Fair value movement S$'000	Others S$'000	31 December 2019 S$'000
Group and Company							
Non-current:							
Financial instruments at amortised cost	1,097	270	(274)	–	(20)	(538)	535
Current:							
Financial instruments at amortised cost	–	–	–	–	–	538	538
Financial instruments at FVPL	9,596	2,236	–	652	(174)	–	12,310
Total	10,693	2,506	(274)	652	(194)	–	13,383

19. Other financial assets (cont'd)

	1 January 2020 S$'000	Addition S$'000	Disposal S$'000	Non-cash changes: Fair value adjustment S$'000	Non-cash changes: Foreign exchange movement S$'000	31 December 2020 S$'000
Company						
Non-current:						
Financial instruments at amortised cost	535	279	–	–	(23)	791
Current:						
Financial instruments at amortised cost	538	–	(560)	–	22	–
Financial instruments at FVPL	12,310	39	–	521	(236)	12,634
Total	13,383	318	(560)	521	(237)	13,425

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

	Group			
	Carrying value		Fair value	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Financial instruments at FVPL	17,219	12,310	17,219	12,310
Financial assets at amortised cost	791	1,073	611	1,040
	18,010	13,383	17,830	13,350

	Company			
	Carrying value		Fair value	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Financial instruments at FVPL	12,634	12,310	12,634	12,310
Financial assets at amortised cost	791	1,073	611	1,040
	13,425	13,383	13,245	13,350

None of the financial assets measured at amortised cost were reclassified to financial assets at fair value during the year.

Interest income recognised on financial instruments at amortised cost is S$28,000 (2019: S$50,000). This is disclosed as 'Interest income' in the consolidated statement of comprehensive income.

20. Inventories

	Group		Company	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Statement of financial position:				
Finished goods (at lower of cost and net realisable value)	102,335	103,194	27,952	56,984
Raw materials	167	235	–	–
Work-in-progress	125	72	–	–
Packaging materials	160	194	–	–
Total inventories	102,787	103,695	27,952	56,984

	Group	
	2020 S$'000	2019 S$'000
Consolidated statement of profit or loss:		
Inventories recognised as an expense in profit before tax	113,984	72,955
Inclusive of the following charge:		
- Inventories written-off charged to profit or loss included in cost of sales	–	20
- Inventories written-down, net	758	1,211

21. Trade and other receivables

	Group		Company	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Financial assets				
Trade receivables				
Third parties	4,906	11,309	726	2,711
Amounts due from subsidiaries	–	–	133,993	57,229
Less: Allowance for expected credit losses	(1,512)	(1,458)	(14,414)	(9,982)
	3,394	9,851	120,305	49,958
Other receivables				
Third parties	1,750	3,301	311	275
Refundable rental deposits	1,951	2,182	1,335	1,413
Amounts due from subsidiaries	–	–	14,663	12,618
Less: Allowance for expected credit losses	(383)	(393)	(10,059)	(9,661)
	3,318	5,090	6,250	4,645
Total trade and other receivables	6,712	14,941	126,555	54,603
Less: GST and VAT receivables	(2,134)	(8,577)	(708)	(2,693)
Total trade and other receivables at amortised cost	4,578	6,364	125,847	51,910

21. Trade and other receivables (cont'd)

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days terms (2019: 30 to 120). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables

Other receivables are normally with no fixed terms and therefore there is no maturity.

Amount due from subsidiaries

Amounts due from subsidiaries are unsecured, bear interests ranging from 1.44% to 6.90% (2019: 1.44% to 6.90%) per annum and are to be settled in cash.

Refundable deposits

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

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

	Group		Company	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Movement in allowance accounts:				
At beginning of the year	1,458	1,425	9,982	8,953
Charge for the year	1	67	4,432	1,029
Utilised	(6)	–	–	–
Exchange difference	59	(34)	–	–
At end of the year	1,512	1,458	14,414	9,982

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	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Movement in allowance accounts:				
At beginning of the year	393	438	9,661	8,631
Charge for the year	3	–	398	1,073
Utilised	–	(43)	–	(43)
Exchange difference	(13)	(2)	–	–
At end of the year	383	393	10,059	9,661

22. Other assets

	Group		Company	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Advances to suppliers	9,106	9,582	8,590	9,165
Prepayments	6,176	10,606	200	195
	15,282	20,188	8,790	9,360

23. Cash and bank balances

	Group		Company	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Non-current				
Fixed deposits restricted in use	–	1,000	–	–
Current				
Cash at banks	328,361	235,416	175,104	102,873
Fixed deposits restricted in use	1,000	–	–	–
Cash pledged for bank facilities	49	209	–	–
Cash pledged for security deposits	4,622	4,446	–	–
	334,032	240,071	175,104	102,873
Cash and bank balance at end of the financial year	334,032	241,071	175,104	102,873

Fixed deposits have a maturity period of 24 months (2019: 24 months) are not freely remissible for use by a subsidiary because of charges imposed on withdrawing the funds before maturity. The remaining maturity period as at year end is 10 months (2019: 22 months). The rate of interest for the cash on interest earning balances is 1.34% (2019: 1.34%) per annum.

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 0.01% to 3.05% (2019: 0.05% to 3.05%) 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 34(b)).

Cash pledged for security deposits

This relates to security deposits required by authorities in China and Vietnam for direct selling licences and are restricted in use.

23. Cash and bank balances (cont'd)

A reconciliation of cash and bank balances to cash and cash equivalents in the consolidated statement of cash flows is as follows:

	Group	
	2020 S$'000	2019 S$'000
Cash and bank balance at end of the financial year	334,032	241,071
Fixed deposits restricted in use	(1,000)	(1,000)
Cash pledged for bank facilities	(49)	(209)
Cash pledged for security deposits	(4,622)	(4,446)
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the financial year	328,361	235,416

24. Trade and other payables

	Group		Company	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Trade payables				
- Third parties	4,552	10,332	3,966	10,079
Accrued operating expenses	90,033	59,346	54,712	37,511
	94,585	69,678	58,678	47,590
Other payables				
- Third parties	47,934	67,949	8,467	8,215
- Amount due to subsidiaries	–	–	1,874	812
	47,934	67,949	10,341	9,027
Total trade and other payables at amortised cost	142,519	137,627	69,019	56,617

Trade and other payables

These amounts are non-interest bearing. Trade payables are normally settled on 30-day terms while other payables have an average term of one month.

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 period:

Group	Office spaces S$'000	Warehouse S$'000	Factory property S$'000	Equipment S$'000	Total S$'000
At 1 January 2019	9,025	54	1,621	–	10,700
Reclassification from property, plant and equipment, net	415	–	–	–	415
Additions	5,508	–	–	–	5,508
Depreciation charge for the year	(3,334)	(24)	(46)	–	(3,404)
At 31 December 2019	11,614	30	1,575	–	13,219
Additions	1,466	–	12	13	1,491
Lease modification	434	–	–	–	434
Termination of lease	(349)	–	–	–	(349)
Foreign exchange difference	138	–	–	–	138
Depreciation charge for the year	(4,114)	(24)	(45)	(1)	(4,184)
At 31 December 2020	9,189	6	1,542	12	10,749

Company	Office spaces S$'000	Warehouse S$'000	Total S$'000
At 1 January 2019	4,263	54	4,317
Reclassification from property, plant and equipment, net	415	–	415
Additions	1,359	–	1,359
Depreciation charge for the year	(1,027)	(24)	(1,051)
At 31 December 2019	5,010	30	5,040
Lease modification	432	–	432
Depreciation charge for the year	(1,415)	(24)	(1,439)
At 31 December 2020	4,027	6	4,033

25. Right-of-use assets and lease liabilities (cont'd)

Set out below are the carrying amounts of lease and the movements during the period:

	Group		Company	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
At 1 January	12,742	10,285	4,586	4,317
Additions	1,473	5,503	–	1,159
Lease modification	(16)	–	432	–
Accretion of interest	463	505	149	153
Termination of lease	(353)	–	–	–
Exchange differences	333	–	–	–
Payments	(4,549)	(3,551)	(1,390)	(1,043)
	10,093	12,742	3,777	4,586
Current	3,731	3,894	1,389	1,235
Non-current	6,362	8,848	2,388	3,351
At 31 December	10,093	12,742	3,777	4,586

The maturity analysis of lease liabilities are disclosed in Note 34(b).

Amounts recognised in profit or loss are as follows:

	Group	
	2020 S$'000	2019 S$'000
Operating lease expense relating to short-term leases	(301)	(513)
Depreciation of right-of-use assets	(4,184)	(3,404)
Interest expense on lease liabilities	(463)	(505)
Rent concessions	18	–
Gain on termination of lease	4	–
Gain on lease modification	439	–

The total cash outflows for leases are as follows:

	Group	
	2020 S$'000	2019 S$'000
Repayment of lease liabilities	4,549	3,551
Operating lease expense relating to short-term leases	301	513
Total cash outflows for leases	4,850	4,064

26. Other financial liabilities

	Group			
	Carrying value		Fair value	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Non-current:				
Financial instruments at FVPL:				
Put option – Pedal Pulses Ltd.	32,798	–	32,798	–
Current:				
Financial instruments at FVPL:				
Foreign exchange derivatives	800	817	800	817
Total other financial liabilities (current and non-current)	33,598	817	33,598	817

	Company			
	Carrying value		Fair value	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Current:				
Financial instruments at FVPL:				
Foreign exchange derivatives	800	817	800	817
Total other financial liabilities	800	817	800	817

A reconciliation of other financial liabilities as at 31 December 2020 and 2019 is as follows:

Group	1 January 2020 S$'000	Addition S$'000	Fair value adjustment S$'000	31 December 2020 S$'000
Non-current:				
Put option – Pedal Pulses Ltd.	–	29,594	3,204	32,798
Current:				
Foreign exchange derivatives	817	–	(17)	800
Total	817	29,594	3,187	33,598

Company	1 January 2020 S$'000	Addition S$'000	Fair value adjustment S$'000	31 December 2020 S$'000
Current:				
Foreign exchange derivatives	817	–	(17)	800

Group and Company	1 January 2019 S$'000	Addition S$'000	Fair value adjustment S$'000	31 December 2019 S$'000
Current:				
Foreign exchange derivatives	–	–	817	817

27. Other liabilities

	Group		Company	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Non-current:				
Provision for convention expenses	23,126	–	–	–
Current:				
Deferred grant income	280	–	157	–
Provision for reinstatement	1,306	1,302	1,082	1,082
Total other liabilities (current)	1,586	1,302	1,239	1,082

Provision for convention expenses

Provision for convention expenses are to be incurred for the Group's convention expected to be held during 2022.

Deferred grant income

Deferred grant income recognised under Job Support Scheme.

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	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Balance at the beginning of the financial year	1,302	961	1,082	882
Addition	4	420	–	200
Utilised	–	(15)	–	–
Overprovision (Note 5)	–	(64)	–	–
Balance at the end of the financial year	1,306	1,302	1,082	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			
	2020		2019	
	No. of shares '000	S$'000	No. of shares '000	S$'000
Issued and fully paid ordinary shares				
At beginning and end of the financial year	554,392	20,618	554,392	20,618

(b) *Treasury shares*

	Group and Company			
	2020		2019	
	No. of shares '000	S$'000	No. of shares '000	S$'000
At beginning of the financial year	10,291	(10,591)	4,996	(2,010)
Acquired during the financial year	–	–	5,295	(8,581)
At end of the financial year	10,291	(10,591)	10,291	(10,591)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the financial year ended 31 December 2019, the Company acquired 5,295,000 shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was S$8,581,000 and this was presented as a component within shareholders' equity. No such acquisition was made for the financial year ended 31 December 2020.

29. Other reserves

	Group		Company	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Foreign currency translation reserve	104	(75)	–	–
Statutory reserve	22,606	6,139	–	–
Other reserve	(787)	(787)	322	322
Total other reserves	21,923	5,277	322	322

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

29. Other reserves (cont'd)

Statutory reserve

In accordance with the relevant regulations applicable to the subsidiaries in the People's Republic of China ("PRC") and Taiwan, the subsidiaries 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 subsidiaries' 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 subsidiaries. The SRF is not available for dividend distribution to shareholders.

Other reserves

Other reserves relate to the effects of:

(a) a change in ownership interests in a subsidiary when there was no change in control during the financial year ended 31 December 2017;

(b) 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

(c) a restructuring exercise in respect of its subsidiaries in Indonesia where there was no change in effective shareholding and control during the financial year ended 31 December 2019.

30. Significant transactions with related companies and related parties

(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	
	2020 S$'000	2019 S$'000
With companies related to directors of the Company		
Sale of goods	7	19
Commission expenses	(43)	(70)
Consultancy fee expenses	(61)	(342)
Catering expenses	(10)	(1)
With persons related to directors of the Company		
Sale of goods	101	62
Commission expenses	(296)	(159)
Travel allowances	(16)	(29)
Marketing fee	(225)	–
With directors of the Company		
Sale of goods	–	3

30. Significant transactions with related companies and related parties (cont'd)

(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	
	2020 S$'000	2019 S$'000
Short-term employee benefits	39,489	24,977
Central Provident Fund contributions and other pension contributions	254	236
Total compensation paid to key management personnel	39,743	25,213
Short-term employee benefits paid to the key management personnel comprised:		
- Directors of the Company	32,478	20,481
- Other key management personnel	7,265	4,732
	39,743	25,213

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 25 months (2019: 13 months).

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2020 S$'000	2019 S$'000
Not later than one year	114	125
Later than one year and not later than five years	135	10
	249	135

31. Commitments (cont'd)

(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	
	2020 S$'000	2019 S$'000
Capital commitments in respect of property, plant and equipment	35,729	40,904

32. Classification of financial instruments

The following table categories the carrying amounts of financial assets and liabilities recorded at the end of the reporting period:

		Group		Company	
	Note	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Financial assets:					
Financial assets at fair value through profit or loss					
Other financial assets	19	17,219	12,310	12,634	12,310
Financial assets at amortised cost					
Cash and bank balances	23	334,032	241,071	175,104	102,873
Other financial assets	19	791	1,073	791	1,073
Trade and other receivables	21	4,578	6,364	125,847	51,910
Total financial assets at amortised cost		339,401	248,508	301,742	155,856
Total financial assets		356,620	260,818	314,376	168,166

32. Classification of financial instruments (cont'd)

		Group		Company	
	Note	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Financial liabilities:					
Financial liabilities at fair value through profit or loss					
Other financial liabilities	26	33,598	817	800	817
Financial assets at amortised cost					
Trade and other payables	24	142,519	137,627	69,019	56,617
Lease liabilities	25	10,093	12,742	3,777	4,586
Total financial liabilities at amortised cost		152,612	150,369	72,796	61,203
Total financial liabilities		186,210	151,186	73,596	62,020

33. Fair value of assets and liabilities

(a) *Fair value hierarchy*

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

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

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

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

33. Fair value of assets and liabilities (cont'd)

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

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

	Group 2020 S$'000 Fair value measurements at the reporting date using	
	Quoted prices in active markets for identical instruments (level 1)	Significant unobservable inputs (level 3)
Recurring fair value measurements		
Assets:		
Other financial assets (Note 19)		
- Financial instruments at FVPL	12,634	–
- Call option – Pedal Pulses Ltd.	–	4,585
Recurring fair value measurements		
Liabilities:		
Other financial liabilities (Note 26)		
- Foreign exchange derivatives	(800)	–
- Put option – Pedal Pulses Ltd.	–	(32,798)

	Group 2019 S$'000 Fair value measurements at the reporting date using
	Quoted prices in active markets for identical instruments (level 1)
Recurring fair value measurements	
Assets:	
Other financial assets (Note 19)	
- Financial instruments at FVPL	12,310
Recurring fair value measurements	
Liabilities:	
Other financial liabilities (Note 26)	
- Foreign exchange derivatives	(817)

33. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (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 2020	Average rate 2019
Call option – Pedal Pulses Ltd.	Black-Scholes-Merton model	Risk-free rate	-0.09%	–
		Spread	2.00%	–
		Volatility rate	33.46%	–
Put option – Pedal Pulses Ltd.	Black-Scholes-Merton model	Risk-free rate	-0.09%	–
		Spread	2.00%	–
		Volatility rate	33.46%	–

<u>Call option – Pedal Pulses Ltd.</u>

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 an increase/decrease in fair value of the asset.

An increase/decrease in volatility rate would result in an increase/decrease in fair value of the asset.

<u>Put option – Pedal Pulses Ltd.</u>

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 a decrease/increase in fair value of the liability.

An increase/decrease in volatility rate would result in an increase/decrease in fair value of the liability.

33. Fair value of assets and liabilities (cont'd)

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

	Group 2020 S$'000 Fair value measurements at the reporting date using significant unobservable inputs (Level 3)		
	Call option – Pedal Pulses Ltd.	Put option – Pedal Pulses Ltd.	Total
At 1 January 2020	–	–	–
Additions	6,185	(29,594)	(23,409)
Fair value change recognised in profit or loss	(1,600)	(3,204)	(4,804)
At 31 December 2020	4,585	(32,798)	(28,213)

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

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

	Group 2020 S$'000			
	Quoted prices in active markets for identical assets (Level 1)	Significant unobservable inputs (Level 3)	Fair value Total	Carrying amount
Assets				
Investment property (Note 13)	–	3,100	3,100	1,109
Other financial assets (Note 19)				
- Financial instruments at amortised cost	611	–	611	791

33. Fair value of assets and liabilities (cont'd)

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

	Group 2019 S$'000			
	Quoted prices in active markets for identical assets (Level 1)	Significant unobservable inputs (Level 3)	Fair value Total	Carrying amount
Assets				
Investment property (Note 13)	–	2,900	2,900	1,127
Other financial assets (Note 19)				
- Financial instruments at amortised cost	1,040	–	1,040	1,073

Determination of fair value

Description	Valuation techniques	Unobservable inputs	Range
2020			
Investment property	Direct comparison method	Price per square foot	S$1,895 to S$2,084
2019			
Investment property	Direct comparison method	Price per square foot	S$1,772 to S$1,950

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$310,000 (2019: S$290,000).

(d) *Fair value of financial instruments whose carrying amounts approximate their fair values*

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.

34. Financial risk management objectives and policies

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 credit risk, liquidity risk, foreign currency risk and market price 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) *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.

(a) *Credit risk (cont'd)*

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.

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 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 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 Company's trade receivables using provision matrix:

Group

31 December 2020	Less than 30 days S$'000	31- 60 days S$'000	61 to 90 days S$'000	More than 90 days S$'000	Total S$'000
Gross carrying amount	2,912	–	33	1,961	4,906
Allowance for ECL	–	–	–	(1,512)	(1,512)

31 December 2019	Less than 30 days S$'000	31- 60 days S$'000	61 to 90 days S$'000	More than 90 days S$'000	Total S$'000
Gross carrying amount	9,081	116	61	2,051	11,309
Allowance for ECL	–	–	–	(1,458)	(1,458)

34. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

Trade receivables (cont'd)

Company

31 December 2020	Less than 30 days S$'000	31- 60 days S$'000	61 to 90 days S$'000	More than 90 days S$'000	Total S$'000
Gross carrying amount	25,491	17,163	23,135	68,928	134,717
Allowance for ECL	(836)	(624)	(654)	(12,300)	(14,414)

31 December 2019	Less than 30 days S$'000	31- 60 days S$'000	61 to 90 days S$'000	More than 90 days S$'000	Total S$'000
Gross carrying amount	30,231	14,598	4,315	10,796	59,940
Allowance for ECL	(347)	(198)	(407)	(9,030)	(9,982)

Information regarding loss allowance movement of trade and other receivables are disclosed in Note 21.

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	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Top customer	153	282	14	14

34. Financial risk management objectives and policies (cont'd)

(b) *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 2020, the Group has no outstanding loans and borrowings (2019: S$Nil).

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 2020				
Financial assets:				
Trade and other receivables	4,578	–	–	4,578
Other financial assets	12,634	5,376	–	18,010
Cash and bank balances	334,032	–	–	334,032
Total undiscounted financial assets	351,244	5,376	–	356,620
Financial liabilities:				
Trade and other payables	142,519	–	–	142,519
Other financial liabilities	800	32,798	–	33,598
Lease liabilities	3,710	5,346	2,318	11,374
Total undiscounted financial liabilities	147,029	38,144	2,318	187,491
Total net undiscounted financial assets/(liabilities)	204,215	(32,768)	(2,318)	169,129
Group				
31 December 2019				
Financial assets:				
Trade and other receivables	6,364	–	–	6,364
Other financial assets	12,848	535	–	13,383
Cash and bank balances	240,071	1,000	–	241,071
Total undiscounted financial assets	259,283	1,535	–	260,818
Financial liabilities:				
Trade and other payables	137,627	–	–	137,627
Other financial liabilities	817	–	–	817
Lease liabilities	4,154	8,072	2,445	14,671
Total undiscounted financial liabilities	142,598	8,072	2,445	153,115
Total net undiscounted financial assets/(liabilities)	116,685	(6,537)	(2,445)	107,703

(b) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Less than one year S$'000	One to five years S$'000	Total S$'000
Company			
31 December 2020			
Financial assets:			
Trade and other receivables	125,847	–	125,847
Other financial assets	12,634	791	13,425
Cash and bank balances	175,104	–	175,104
Total undiscounted financial assets	313,585	791	314,376
Financial liabilities:			
Trade and other payables	69,019	–	69,019
Other financial liabilities	800	–	800
Lease liabilities	1,389	2,472	3,861
Total undiscounted financial liabilities	71,208	2,472	73,680
Total net undiscounted financial assets/(liabilities)	242,377	(1,681)	240,696
Company			
31 December 2019			
Financial assets:			
Trade and other receivables	51,910	–	51,910
Other financial assets	12,848	535	13,383
Cash and bank balances	102,873	–	102,873
Total undiscounted financial assets	167,631	535	168,166
Financial liabilities:			
Trade and other payables	56,617	–	56,617
Other financial liabilities	817	–	817
Lease liabilities	1,383	3,524	4,907
Total undiscounted financial liabilities	58,817	3,524	62,341
Total net undiscounted financial assets/(liabilities)	108,814	(2,989)	105,825

Undrawn available credit facilities

At the end of the reporting period, the Group has undrawn available credit facilities with certain banks of S$3,424,000 (2019: S$38,380,000). 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.

(b) *Liquidity risk (cont'd)*

Undrawn available credit facilities (cont'd)

The following assets are mortgaged to banks to secure bank facilities granted by the bank as at 31 December 2020:

- Other financial assets of the company at carrying value of S$2,212,000;
- Certain fixed deposits of the Group of S$49,000, and
- Certain leasehold properties of subsidiaries at carrying value of S$397,000;

The following assets were mortgaged to banks to secure bank facilities granted by the bank as at 31 December 2019:

- Other financial assets of the company at carrying value of S$2,186,000;
- Certain fixed deposits of the Group of S$209,000;
- Certain leasehold properties of subsidiaries at carrying value of S$403,000;
- An investment property of a subsidiary at carrying value of S$1,127,000; and
- A non-current other intangible asset of a subsidiary at carrying value of S$7,975,000.

(c) *Foreign currency risk*

The Group 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), United States Dollar (USD) and Euro (EUR).

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), United States Dollar (USD) and Euro (EUR).

At the end of the reporting period, an analysis of the financial assets and financial liabilities denominated in RMB, GBP USD and EUR is as follow:

2020	RMB S$'000	GBP S$'000	USD S$'000	EUR S$'000	Total S$'000
Group					
Financial assets:					
Other financial assets	–	4,585	13,425	–	18,010
Cash and bank balances	28,809	–	34,448	7,545	70,802
Total financial assets	28,809	4,585	47,873	7,545	88,812
Financial liabilities:					
Trade and other payables	312	–	2,267	–	2,579
Other financial liabilities	–	32,798	800	–	33,598
Total financial liabilities	312	32,798	3,067	–	36,177
Total net financial assets/(liabilities)	28,497	(28,213)	44,806	7,545	52,635

(c) *Foreign currency risk (cont'd)*

2019	RMB S$'000	GBP S$'000	USD S$'000	EUR S$'000	Total S$'000
Group					
Financial assets:					
Trade and other receivables	–	–	–	–	–
Other financial assets	–	–	13,383	–	13,383
Cash and bank balances	–	–	21,520	8,929	30,449
Total financial assets	–	–	34,903	8,929	43,832
Financial liabilities:					
Trade and other payables	595	–	1,503	–	2,098
Other financial liabilities	–	–	817	–	817
Total financial liabilities	595	–	2,320	–	2,915
Total net financial (liabilities)/assets	(595)	–	32,583	8,929	40,917

2020	RMB S$'000	USD S$'000	EUR S$'000	Total S$'000
Company				
Financial assets:				
Trade and other receivables	102,699	4,243	–	106,942
Other financial assets	–	13,425	–	13,425
Cash and bank balances	28,809	34,438	7,545	70,792
Total financial assets	131,508	52,106	7,545	191,159
Financial liabilities:				
Trade and other payables	2,155	2,267	–	4,422
Other financial liabilities	–	800	–	800
Total financial liabilities	2,155	3,067	–	5,222
Total net financial assets	129,353	49,039	7,545	185,937

2019	RMB S$'000	USD S$'000	EUR S$'000	Total S$'000
Company				
Financial assets:				
Trade and other receivables	42	3,597	–	3,639
Other financial assets	–	13,383	–	13,383
Cash and bank balances	–	21,200	8,929	30,129
Total financial assets	42	38,180	8,929	47,151
Financial liabilities:				
Trade and other payables	595	1,503	–	2,098
Other financial liabilities	–	817	–	817
Total financial liabilities	595	2,320	–	2,915
Total net financial (liabilities)/assets	(553)	35,860	8,929	44,236

(c) *Foreign currency risk (cont'd)*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before 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 tax	
	2020 S$'000	2019 S$'000
Group		
USD		
- strengthened 10% (2019: 10%)	4,481	3,258
- weakened 10% (2019: 10%)	(4,481)	(3,258)
EUR		
- strengthened 10% (2019: 10%)	755	893
- weakened 10% (2019: 10%)	(755)	(893)
RMB		
- strengthened 10% (2019: 10%)	2,850	(60)
- weakened 10% (2019: 10%)	(2,850)	60
GBP		
- strengthened 10% (2019: 10%)	(2,821)	–
- weakened 10% (2019: 10%)	2,821	–
Company		
USD		
- strengthened 10% (2019: 10%)	4,904	3,586
- weakened 10% (2019: 10%)	(4,904)	(3,586)
EUR		
- strengthened 10% (2019: 10%)	755	893
- weakened 10% (2019: 10%)	(755)	(893)
RMB		
- strengthened 10% (2019: 10%)	12,935	(55)
- weakened 10% (2019: 10%)	(12,935)	55

34. Financial risk management objectives and policies (cont'd)

(d) *Market price risk*

Market 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 with the following restrictions on its Investment Portfolio ("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.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the price of the funds held had been 10% (2019: 10%) higher/lower with all other variables held constant, the Group's profit before tax would have been S$1,263,000 (2019: S$1,285,000) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments.

35. 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 export segment comprises sales to customers at export retail price through retailers in Myanmar;

(iii) 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; and

(iv) 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.

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

35. Segment information (cont'd)

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.

	Direct selling S$'000	Export S$'000	Franchise S$'000	Manufacturing/ wholesale S$'000	Others S$'000	Group S$'000
31 December 2020						
Revenue:						
Sales to external customers (Note A)	270,192	147	276,623	1,672	–	548,634
Results:						
Recurring EBITDA (Note B)	81,881	70	125,380	(1,722)	(5,824)	199,785
Interest income	251	–	1,003	185	16	1,455
Interest expense	(238)	–	(171)	–	(55)	(464)
Depreciation	(3,075)	–	(3,214)	(34)	(154)	(6,477)
Amortisation	(13)	–	(3)	(63)	(231)	(310)
Share of results of associate	–	–	–	–	(242)	(242)
Share of results of joint venture	–	–	–	–	787	787
Segment profit/(loss)	78,806	70	122,995	(1,634)	(5,703)	194,534
Income tax expense						(59,730)
Net profit for the year						134,804
Assets:						
Segment assets (Note C)	173,913	107	268,814	9,066	31,064	482,964
Unallocated assets (Note D)						127,424
Total assets						610,388
Liabilities:						
Segment liabilities (Note E)	(77,815)	(37)	(102,739)	(1)	(3,958)	(184,550)
Unallocated liabilities (Note F)						(81,651)
Total liabilities						(266,201)
Other information:						
Investment in an associate	–	–	–	–	5,173	5,173
Investment in a joint venture	–	–	–	–	49,958	49,958
Additions to property, plant and equipment	925	–	649	2	10,436	12,012
Additions to intangible assets	15	–	17	–	–	32

35. Segment information (cont'd)

	Direct selling S$'000	Export S$'000	Franchise S$'000	Manufacturing/ wholesale S$'000	Others S$'000	Group S$'000
31 December 2019						
Revenue:						
Sales to external customers (Note A)	148,213	431	233,240	2,421	–	384,305
Results:						
Recurring EBITDA (Note B)	41,287	182	85,055	(2,512)	(57)	123,955
Interest income	303	1	1,188	138	2	1,632
Interest expense	(335)	–	(115)	–	(79)	(529)
Depreciation	(3,534)	(2)	(1,590)	–	(65)	(5,191)
Amortisation	(13)	–	(2)	(64)	(231)	(310)
Share of results of associate	–	–	–	–	(210)	(210)
Segment profit/(loss)	37,708	181	84,536	(2,438)	(640)	119,347
Income tax expense						(29,798)
Net profit for the year						89,549
Assets:						
Segment assets (Note C)	95,986	354	265,671	10,430	17,627	390,068
Unallocated assets (Note D)						67,534
Total assets						457,602
Liabilities:						
Segment liabilities (Note E)	(43,846)	(116)	(145,846)	(2,293)	(4,179)	(196,280)
Unallocated liabilities (Note F)						(24,664)
Total liabilities						(220,944)
Other information:						
Investment in an associate	–	–	–	–	5,415	5,415
Additions to property, plant and equipment	1,863	6	1,896	33	12,714	16,512
Additions to intangible assets	18	–	12	–	–	30

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"). This measurement basis excludes the effect of expenditure from the operating segments such as impairment losses that are not expected to recur regularly in every reporting year.

(C) Segment assets consist principally 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	
	2020 S$'000	2019 S$'000
Deferred tax assets	27,138	13,662
Investment property	1,109	1,127
Other intangible asset	7,744	7,975
Investment in a joint venture	48,958	–
Investment in an associate	5,173	5,415
Other financial assets	18,010	13,383
Other assets	15,282	20,188
Other unallocated amounts	4,010	5,784
Total	127,424	67,534

(E) Segment liabilities consist principally trade and other payables (excluding deferred grant income), contract liabilities, lease liabilities, other financial liabilities and other liabilities.

(F) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	2020 S$'000	2019 S$'000
Other financial liabilities	(33,598)	(817)
Deferred grant income	(280)	–
Deferred tax liabilities	(8,298)	(5,441)
Income tax payable	(39,475)	(18,406)
Total	(81,651)	(24,664)

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.

35. Segment information (cont'd)

Geographical information (cont'd)

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	
	2020 S$'000	2019 S$'000
Singapore	45,311	37,244
People's Republic of China	3,025	4,179
Malaysia	1,220	578
Taiwan	1,270	1,950
Other countries	1,470	1,296
Unallocated amounts	54,131	5,415
	106,427	50,662

Non-current assets information presented above consist of property, plant and equipment, investment property, right-of-use assets, intangible assets and 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	
	2020 S$'000	2019 S$'000
Investment in an associate	5,173	5,415
Investment in a joint venture	48,958	–
Total	54,131	5,415

Information about a major customer

Revenue from one major customer under the franchise (2019: franchise) segment amounted to S$96,324,000 (2019: S$64,431,000), which is more than 10% of the entity's revenues (2019: more than 10%).

36. Capital management

Capital includes debt and equity items.

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 year ended 31 December 2020 and 2019.

36. Capital management (cont'd)

In order to maintain its listing on the Singapore Stock Exchange, 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, certain subsidiaries 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 subsidiaries for the financial years ended 31 December 2020 and 2019.

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 2020 and 2019. As such, the debt-to adjusted capital ratio may not provide a meaningful indicator of the risk from borrowings.

37. Dividends

	Group and Company	
	2020 S$'000	2019 S$'000
Declared and paid during the financial year:		
Dividends on ordinary shares		
- Final exempt (one-tier) dividend for 2018: 4.2 cents (2019: S$Nil) per share	22,852	–
- Final special exempt (one-tier) dividend for 2018: 0.8 cents (2019: S$Nil) cents per share	4,353	–
- Interim exempt (one-tier) dividend for 2020: S$Nil (2019: 1.2) cents per share	–	6,529
	27,205	6,529

38. Events after the reporting period

Incorporation of a wholly-owned subsidiary

The Company has on 21 July 2021 incorporated Best World Lifestyle (S) Pte. Ltd., a wholly-owned subsidiary of the Company, in Singapore, with its principal activity being distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment.

Upon completion of the Group's Tuas facility, all manufacturing and related activities will be conducted under Best World Lifestyle Pte Ltd ("BWL"), an existing wholly owned subsidiary of the Group in Singapore. Due to the above arrangements, BWL will hive off its current direct selling business for Singapore to this new subsidiary.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 15 September 2021.

Major Properties of the Group

LOCATION	DESCRIPTION	EXISTING USE	TENURE OF LAND
• Block 726 Ang Mo Kio Avenue 6 #01-4150 Singapore 560726	2-storey building	Investment property	Leasehold land Expiring on 1 October 2079
• No. 11 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Malaysia	4-storey building	Office and Business Centre	Leasehold land Expiring on 5 April 2078
• No. 141 Jalan Danga Taman Nusa Bestari Dua 81300 Johor Bahru Malaysia	3-storey building	Office and Business Centre	Freehold land
• 1 Tuas Basin Link Singapore 638755 (expected to TOP in December 2021)	5-storey production building	Manufacturing and Warehousing	Leasehold land Expiring on 15 July 2054

Statistics of Shareholdings

BEST WORLD INTERNATIONAL LIMITED
(Registration No: 199006030Z)

Statistics of Shareholdings
As at 27 August 2021

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	:	544,100,114
Number of treasury shares	:	10,291,900
Percentage of treasury shares	:	1.89%

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, Cap 50.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 27 AUGUST 2021

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	38	1.24	1,445	0.00
100 - 1,000	331	10.81	208,837	0.04
1,001 - 10,000	1,608	52.54	8,616,071	1.58
10,001 - 1,000,000	1,049	34.27	73,348,070	13.48
1,000,001 and above	35	1.14	461,925,691	84.90
Total	3,061	100.0	544,100,114	100.0

20 LARGEST SHAREHOLDERS AS AT 27 AUGUST 2021

	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	D2 INVESTMENT PTE LTD	192,787,500	35.43
2	DBS NOMINEES PTE LTD	41,795,816	7.68
3	DORA HOAN BENG MUI	32,330,000	5.94
4	DOREEN TAN NEE MOI	31,380,000	5.77
5	CITIBANK NOMINEES SINGAPORE PTE LTD	28,642,270	5.26
6	MAYBANK KIM ENG SECURITIES PTE. LTD	26,907,212	4.95
7	HUANG BAN CHIN	23,300,000	4.28
8	RAFFLES NOMINEES (PTE) LIMITED	12,216,812	2.25
9	DBSN SERVICES PTE LTD	8,618,530	1.58
10	MORGAN STANLEY ASIA (S) SECURITIES PTE LTD	5,292,949	0.97
11	NG SEOW YUEN (HUANG XIAOYAN)	5,158,200	0.95
12	HSBC (SINGAPORE) NOMINEES PTE LTD	4,748,316	0.87
13	PHILLIP SECURITIES PTE LTD	4,312,600	0.79
14	SU AH TEE	3,701,000	0.68
15	CHIN POH LENG	3,639,103	0.67
16	CHANG GRACE SHAIN-JOU	3,000,000	0.55
17	WEE KWEE HUAY HELENE	2,873,124	0.53
18	FOO MOOH SHUNG	2,528,950	0.46
19	KGI SECURITIES (SINGAPORE) PTE. LTD	2,511,000	0.46
20	BPSS NOMINEES SINGAPORE (PTE.) LTD.	2,383,942	0.44
	Total	438,127,324	80.51

SUBSTANTIAL SHAREHOLDERS AS AT 27 AUGUST 2021

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	35.43	-	-
Dora Hoan Beng Mui	32,330,000	5.94	193,037,500 [(1)]	35.48
Doreen Tan Nee Moi	31,380,000	5.77	193,037,500 [(2)]	35.48

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).

PUBLIC SHAREHOLDINGS

Based on the information provided to the Company as at 27 August 2021, approximately **48.44%** 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, 30 September 2021 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 2020 and the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To approve payment of Directors' fees of S$242,000 for the financial year ended 31 December 2020 (31 December 2019: S$242,164) **(Resolution 2)**

3(a) To re-elect Mr Huang Ban Chin who retires pursuant to Article 93 of the Company's Constitution. **(Resolution 3)**

[See Explanatory Note (A)]

3(b) To re-elect Mr Lee Sen Choon who retires pursuant to Article 93 of the Company's Constitution. **(Resolution 4)**

[See Explanatory Note (A)]

4. To re-appoint Ernst & Young LLP 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, Chapter 50 (the "**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. Proposed adoption of the Share Buyback Mandate (on a poll taken)

"That:-

(a) for the purposes of the Companies Act (Cap. 50) of Singapore (the "**Act**"), the exercise by the Directors of the Company 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 hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter 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 of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all laws, regulations and 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 of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors of the Company 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:

"**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 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);

"**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;

"**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:

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) 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 day 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 scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company 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)

8. Approval for the continued appointment of Mr Lee Sen Choon, as an Independent Director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (by all shareholders)

That, subject to and contingent upon the passing of Resolution 4, by shareholders of the Company via appointing the Chairman of the AGM as proxy to vote at the AGM and the passing of Resolution 9 by shareholders of the Company via appointing the Chairman of the AGM as proxy to vote at the AGM, excluding the Directors and the chief executive officer of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST): (a) the continued appointment of Mr Lee Sen Choon as an Independent Director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Lee Sen Choon as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution. (Resolution 8)

9. Approval for the continued appointment of Mr Lee Sen Choon, as an Independent Director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (by shareholders excluding the Directors and Chief Executive Officer of the Company, and their respective associates)

That, subject to and contingent upon the passing of Resolution 4: (a) the continued appointment of Mr Lee Sen Choon as an Independent Director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Lee Sen Choon as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution, provided that this Resolution shall only be proposed and voted upon if Resolution 8 is passed by shareholders of the Company by appointing the Chairman of the AGM as proxy to vote at the AGM. (Resolution 9)

Mr Lee Sen Choon will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

By Order of the Board

Huang Ban Chin
Director and Chief Operating Officer
Dated: 15 September 2021

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 Mr Huang Ban Chin and Mr Lee Sen Choon is set out in the section entitled "Board of Directors" of the Company's 2020 Annual Report. Mr Huang Ban Chin is an Executive Director of the Company. Save as disclosed therein, there are no relationships (including immediate family relationships) between each of these directors and the other directors of the Company.

STATEMENT PURSUANT TO ARTICLE 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 of the Company from the date of the above Meeting 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 in relation to the proposed adoption of the Share Buyback Mandate enclosed together with the Annual Report.

Ordinary Resolutions 8 and 9 are proposed in anticipation of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022. The proposed ordinary resolutions 8 and 9 are to seek approval from the shareholders via a Two-Tier Voting process for Mr Lee Sen Choon to continue in office as an independent non-executive director of the Company for a three-year term, with effect from the passing of these resolutions proposed at the forthcoming AGM, until the conclusion of the third annual general meeting of the Company following the passing of these resolutions.

The Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Such refreshment process of the Board will take some time and cannot happen overnight in order to maintain stability to the Board. Furthermore, the Company benefits from such director who has, over time, gained valuable insights into the Group, its market and the industry.

The Nominating Committee and the Board have determined that Mr Lee Sen Choon remain objective and independent minded in Board deliberations. His vast experience enables him to provide the Board and the various Board Committees on which he serves, with pertinent experience and competence to facilitate sound decision-making and that his length of service do not in any way interfere with their exercise of independent judgment nor hinder his ability to act in the best interests of the Company. The Board is of the view that Mr Lee Sen Choon is able to continue to discharge his duties independently with integrity and competency.

Notes:

1. A member will not be able to attend the Annual General Meeting in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy must be executed under the hand of the appointor or of his 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.

4. The instrument appointing a proxy must be deposited at the Headquarters office of the Company, Best World International Limited, 15A Changi Business Park Central 1, Eightrium #07-02, Singapore 486035; 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 Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member'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) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent 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 member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member 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 member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Additional Information on

Directors Seeking Re-Election

Huang Ban Chin and Lee Sen Choon are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on Thursday, 30 September 2021 ("**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:

	Huang Ban Chin	Lee Sen Choon
Date of Initial Appointment	13 September 1994	24 May 2004
Date of last re-appointment	30 April 2018	22 June 2020
Age	52	70
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 Huang Ban Chin as the Executive 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.	The re-election of Lee Sen Choon 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.
Whether appointment is executive, and if so, the area of responsibility	Executive Huang Ban Chin is responsible for operational oversight, execution of corporate strategies and geographical expansion	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Operating Officer, Chief Risk Officer and Executive Director	Non-Executive, Lead Independent Director, Audit Committee Chairman, Remuneration Committee member and Nominating Committee member.
Professional qualifications	Bachelor of Science, National University of Singapore	• Bachelor of Science (Hons) degree, Nanyang University, Singapore • Post-Graduate Diploma in Management Studies, University of Salford, United Kingdom • Fellow of Institute of Chartered Accountants in England and Wales • Practicing Member of Institute of Singapore Chartered Accountants

	Huang Ban Chin	Lee Sen Choon
Working experience and occupation(s) during the past 10 years	Joined the Group in September 1994 as a Marketing Manager. He has over 20 years of experience in the beauty and wellness industry in Asia.	Senior Partner at UHY Lee Seng Chan & Co, Chartered Accountants
Shareholding interest in the listed issuer and its subsidiaries	23,300,000 shares	207,500 shares
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.	None	None
Conflict of Interest (including any competing business)	No	No
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	- Soon Lian Holdings Limited
Present	- Best World International Limited and subsidiaries Other principal commitments - Director, Celligenics - Director, Pedal Pulses Limited	- Best World International Limited - Hor Kew Corporation Limited Other principal commitments - Senior Partner at UHY Lee Seng Chan & Co, Chartered Accountants - Director, Singapore Chinese High School - Director, Hwa Chong International School - Chairman of School Advisory Committee of Xingnan Primary School

	Huang Ban Chin	Lee Sen Choon
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.		
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	No
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

	Huang Ban Chin	Lee Sen Choon
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

	Huang Ban Chin	Lee Sen Choon
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
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or 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 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 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?	Yes He is currently the Executive Director and Chief Operating Officer of Best World International Limited, a listed company in Singapore, which announced 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.	Yes He is currently a Non-Executive Independent Director of Best World International Limited, a listed company in Singapore, which 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.

	Huang Ban Chin	Lee Sen Choon
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?	No	No
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. 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. 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).	N.A	N.A

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