



BEST WORLD INTERNATIONAL LTD

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

Unaudited Condensed Interim Financial Statements For The 3 Months Ended 31 March 2022

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For The Three Months Ended 31 March 2022

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2022

(Amounts expressed in Singapore dollars)

		Group		
		3 months	3 months	
		Ended	Ended	
		31.03.22	31.03.21	Change
	Note	\$'000	\$'000	%
Revenue	4	115,560	128,460	(10.0)
Cost of sales		(27,780)	(29,017)	(4.3)
Gross profit		87,780	99,443	(11.7)
<u>Other items of income</u>				
Interest income		1,372	524	161.8
Other operating income	6	190	346	(45.1)
<u>Other Items of Expense</u>				
Distribution costs	8	(27,832)	(30,766)	(9.5)
Administrative expenses	8	(23,651)	(23,020)	2.7
Finance costs		(76)	(76)	0.0
(Other losses) Other gains, net	7	(545)	3,014	NM
Share of results of a joint venture		75	345	(78.3)
Share of results of an associate		(87)	(49)	77.6
Profit before tax		37,226	49,761	(25.2)
Income tax expense	9	(9,679)	(11,989)	(19.3)
Profit for the period		<u>27,547</u>	<u>37,772</u>	(27.1)
Profit attributable to:				
- Owners of the parent company		27,603	37,899	(27.2)
- Non-controlling interests		(56)	(127)	(55.9)
Profit for the period		<u>27,547</u>	<u>37,772</u>	(27.1)
<u>Additional notes:</u>				
Gross profit margin		76.0%	77.4%	
Net profit margin		23.9%	29.5%	
Earnings per share (cents)	22	5.21	6.97	

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2022

Statement of Comprehensive Income for the three months ended 31 March 2022:

	Group		
	3 months Ended 31.03.22 \$'000	3 months Ended 31.03.21 \$'000	Change %
Profit for the period, net of tax	27,547	37,772	(27.1)
<u>Other comprehensive income</u>			
Exchange differences on translating foreign operations	(213)	1,708	NM
Other comprehensive income for the period, net of tax	(213)	1,708	NM
Total comprehensive income for the period	<u>27,334</u>	<u>39,480</u>	(30.8)
Attributable to:			
Owners of the parent company	27,268	39,526	(31.0)
Non-controlling interests	66	(46)	NM
Total comprehensive income for the period	<u>27,334</u>	<u>39,480</u>	(30.8)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022

(Amounts expressed in Singapore dollars)

	Note	Group		Company	
		31.03.22	31.12.21	31.03.22	31.12.21
		\$'000	\$'000	\$'000	\$'000
Assets					
Non-current assets					
Property, plant and equipment	10	67,593	63,693	2,080	2,347
Investment property	11	1,086	1,091	-	-
Intangible assets	12	1,139	1,150	56	51
Other intangible assets	13	7,811	7,872	-	-
Right-of-use assets		14,405	14,962	2,110	2,493
Investment in subsidiaries		-	-	121,327	113,303
Investment in a joint venture	14	38,447	38,372	-	-
Investment in an associate	15	4,903	4,994	-	-
Deferred tax assets		20,021	22,144	-	-
Other financial assets		4,848	5,241	-	269
Total non-current assets		<u>160,253</u>	<u>159,519</u>	<u>125,573</u>	<u>118,463</u>
Current assets					
Inventories	16	82,474	88,152	29,164	26,902
Trade and other receivables	17	15,314	6,140	42,735	18,329
Other assets		24,544	20,647	8,625	10,073
Other financial assets		14,081	14,470	14,081	14,470
Cash and cash equivalents	18	422,403	474,827	238,026	298,149
Total current assets		<u>558,816</u>	<u>604,236</u>	<u>332,631</u>	<u>367,923</u>
Total assets		<u>719,069</u>	<u>763,755</u>	<u>458,204</u>	<u>486,386</u>
Equity and liabilities					
Current liabilities					
Income tax payable		25,963	28,495	12,759	11,773
Trade and other payables	19	150,864	149,663	61,969	56,124
Contract liabilities		5,349	626	-	-
Other financial liabilities		197	-	197	-
Lease liabilities		5,638	5,085	1,277	1,367
Other liabilities		36,884	37,056	1,082	1,082
Total current liabilities		<u>224,895</u>	<u>220,925</u>	<u>77,284</u>	<u>70,346</u>
Net current assets		<u>333,921</u>	<u>383,311</u>	<u>255,347</u>	<u>297,577</u>
Non-current liabilities					
Deferred tax liabilities		12,110	12,347	6,125	6,125
Other financial liabilities		19,143	19,632	-	-
Lease liabilities		7,682	8,948	757	1,021
Total non-current liabilities		<u>38,935</u>	<u>40,927</u>	<u>6,882</u>	<u>7,146</u>
Total liabilities		<u>263,830</u>	<u>261,852</u>	<u>84,166</u>	<u>77,492</u>
Net assets		<u>455,239</u>	<u>501,903</u>	<u>374,038</u>	<u>408,894</u>
Equity, attributable to owner of the company					
Share capital	20	10,027	10,027	10,027	10,027
Retained earnings		410,601	456,996	363,689	398,545
Other reserves		37,196	37,531	322	322
		<u>457,824</u>	<u>504,554</u>	<u>374,038</u>	<u>408,894</u>
Non-controlling interests		(2,585)	(2,651)	-	-
Total equity		<u>455,239</u>	<u>501,903</u>	<u>374,038</u>	<u>408,894</u>
Total equity and liabilities		<u>719,069</u>	<u>763,755</u>	<u>458,204</u>	<u>486,386</u>

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2022

(Amounts expressed in Singapore dollars)

	Group	
	3 Months Ended 31.03.22 \$'000	3 Months Ended 31.03.21 \$'000
Cash flows from operating activities:		
Profit before tax	37,226	49,761
Interest income	(1,372)	(524)
Interest expenses	76	76
Depreciation of property, plant and equipment	519	602
Depreciation of right-of-use assets	913	773
Depreciation of an investment property	5	5
Amortisation of intangible assets	83	84
Gain on disposal of property, plant and equipment	(10)	(26)
Fair value losses (gains) on foreign exchange derivatives	197	(661)
Fair value losses on other financial assets	470	31
Inventories written down, net	48	107
Share of results of a joint venture	(75)	(345)
Share of results of an associate	87	49
Unrealised exchange difference	(826)	690
Operating cash flows before changes in working capital	37,341	50,622
Inventories	5,630	3,669
Trade and other receivables	(9,122)	(6,219)
Other assets	(3,894)	(6,137)
Trade and other payables and other liabilities	981	(2,635)
Contract liabilities	4,655	1,022
Cash flows from operations	35,591	40,322
Income tax paid	(10,324)	(13,666)
Net cash flows from operating activities	25,267	26,656
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4,612)	(3,198)
Proceeds from disposal of property, plant and equipment	154	-
Purchase of intangible assets	(10)	(13)
Purchase of other financial assets	(10)	(1,341)
Proceeds from disposal of other financial assets	271	26
Interest received	1,372	524
Net cash flows used in investing activities	(2,835)	(4,002)
Cash flows from financing activities:		
Off-market equal access share buyback	(73,998)	-
Payment of lease liabilities	(1,145)	(920)
Increase in cash restricted in use	(2,433)	(66)
Net cash flows used in financing activities	(77,576)	(986)
Net (decrease) increase in cash and cash equivalents	(55,144)	21,668
Effects of exchange rate changes on cash and cash equivalents	287	430
Cash and cash equivalents, statement of cash flows, beginning balance	469,346	328,361
Cash and cash equivalents, statement of cash flows, ending balance Note A	414,489	350,459
	Ended 31.03.22 \$'000	Ended 31.03.21 \$'000
Cash and bank balances	422,403	356,196
Less: Cash pledged and cash restricted in use	(7,914)	(5,737)
Cash and cash equivalents in the consolidated cash flow statement	414,489	350,459

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2022

(Amounts expressed in Singapore dollars)

Group	Attributable to owners of the parent company									
	Total equity	Total	Share capital	Treasury shares	Retained earnings	Foreign currency translation reserve	Statutory reserves	Share-based compensation reserves	Other reserves	Non-controlling interests
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at 1 January 2022	501,903	504,554	20,618	(10,591)	456,996	8,060	30,258	322	(1,109)	(2,651)
<u>Movements in equity</u>										
Total comprehensive income (expense) for the period	27,334	27,268	-	-	27,603	(335)	-	-	-	66
Off-market equal access share buyback ^(a)	(73,998)	(73,998)	-	-	(73,998)	-	-	-	-	-
Balance at 31 March 2022	455,239	457,824	20,618	(10,591)	410,601	7,725	30,258	322	(1,109)	(2,585)
Balance at 1 January 2021	344,187	346,760	20,618	(10,591)	314,810	104	22,606	322	(1,109)	(2,573)
<u>Movements in equity</u>										
Total comprehensive income (expense) for the period	39,480	39,526	-	-	37,899	1,627	-	-	-	(46)
Balance at 31 March 2021	383,667	386,286	20,618	(10,591)	352,709	1,731	22,606	322	(1,109)	(2,619)

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2022

(Amounts expressed in Singapore dollars)

Company	Attributable to owners of the parent company				
	Total equity	Share capital	Treasury shares	Retained earnings	Share-based compensation reserves
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2022	408,894	20,618	(10,591)	398,545	322
<u>Movements in equity</u>					
Total comprehensive income for the period	39,142	-	-	39,142	-
Off-market equal access share buyback ^(a)	(73,998)	-	-	(73,998)	-
Balance as at 31 March 2022	<u>374,038</u>	<u>20,618</u>	<u>(10,591)</u>	<u>363,689</u>	<u>322</u>
 Balance at 1 January 2021	 330,964	 20,618	 (10,591)	 320,615	 322
<u>Movements in equity</u>					
Total comprehensive income for the period	14,390	-	-	14,390	-
Balance as at 31 March 2021	<u>345,354</u>	<u>20,618</u>	<u>(10,591)</u>	<u>335,005</u>	<u>322</u>

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

1. Corporate information

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

The registered office and principal place of business of the Company is located at 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.

2. Basis of preparation

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

The interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the last unaudited annual financial statements for the year ended 31 December 2021.

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

The figures have not been audited or reviewed by auditors.

2.1 Adoption of new standards

The accounting policies adopted are consistent with those of the used in the most recent audited financial statements except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2022.

There was no change in the accounting policies and methods of computation for the current financial period reported on, except the amendments to SFRS(I) 16 on COVID-19 related rent concessions where rental rebates were recognized directly in P&L as other income.

2.2 Use of judgements and estimates

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

2. Basis of preparation (Cont'd)

2.2 Use of judgements and estimates (Cont'd)

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2020.

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

There were no significant changes in critical judgements, estimates and assumptions as compared to the audited consolidated financial statements as at and for the year ended 31 December 2020.

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

The auditors have issued a disclaimer opinion on the Group's financial statements for the financial year ended 31 December 2020 due to the following reasons and updates on the Group's efforts to resolve each audit issue are as follows:

(i) Business model in China

The Board had engaged the services of relevant legal advisor to assist in the transition to a full direct selling model in China as and when the relevant authorities are ready to accept our submission for expansion of the coverage of our current direct selling license. This will further mitigate any legal and tax risks of operating in China.

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

Management considers this a historical issue after the transition period into the Franchisee model in 2019 and hence does not affect the FY2020, FY2021 and 1Q2022 accounts.

(iii) Classification of payments to promotional companies

Under our franchise business in China, the franchisees 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 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, the service fees payable to the third party promotion companies were recorded as marketing fees as part of distribution costs. These 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. Management considers that the classification of the service fees as marketing fees will not impact the net profit and loss of the Group.

2. Basis of preparation (Cont'd)

2.3 Updates on the efforts taken to resolve each outstanding audit issue (Cont'd)

The Board confirms that the impact of the disclaimer of opinion on the recent FY2020 financial statements has been adequately disclosed in the FY2020 annual report.

3. Seasonal operations

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

4. Segment and revenue information

For management purposes, the Group organised its business units, into three reportable operating segments as follows:

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

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

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

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

4 Segment and revenue information (Cont'd)

4.1 Reportable segments

Business Segments

For the three months ended 31 March 2022

Group

	<u>Direct selling</u>	<u>Franchise</u>	<u>Others</u>	<u>Unallocated</u>	<u>Total</u>
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
External sales and services	45,469	69,987	104	-	115,560
Recurring EBITDA	12,018	26,807	(628)	(735)	37,462
Interest income	411	869	92	-	1,372
Interest expense	(44)	(11)	(7)	(14)	(76)
Depreciation	(812)	(564)	(14)	(47)	(1,437)
Amortisation	(4)	(1)	(17)	(61)	(83)
Share of results of a joint venture	-	-	-	75	75
Share of results of an associate	-	-	-	(87)	(87)
Profit (Loss) before tax from continuing operations	11,569	27,100	(574)	(869)	37,226
Income tax expense					(9,679)
Profit from continuing operations					27,547
<u>Other segment items</u>					
Additions to property, plant and equipment	1,043	24	-	3,545	4,612
Additions to intangible assets	7	3	-	-	10
<u>Assets and liabilities</u>					
Total assets for reportable segments	235,982	244,451	37,146	74,548	592,127
Unallocated:					
Investment property	-	-	-	1,086	1,086
Other intangible assets	-	-	-	7,811	7,811
Investment in a joint venture	-	-	-	38,447	38,447
Investment in an associate	-	-	-	4,903	4,903
Deferred tax assets	-	-	-	20,021	20,021
Other financial assets	-	-	-	18,929	18,929
Other assets	-	-	-	24,544	24,544
Other unallocated amounts	-	-	-	11,201	11,201
Total group assets	235,982	244,451	37,146	201,490	719,069
Total liabilities for reportable segments	(64,380)	(132,080)	(5,811)	(4,146)	(206,417)
Unallocated					
Deferred tax liabilities	-	-	-	(12,110)	(12,110)
Other financial liabilities	-	-	-	(19,340)	(19,340)
Income tax payable	-	-	-	(25,963)	(25,963)
Total group liabilities	(64,380)	(132,080)	(5,811)	(61,559)	(263,830)

4 Segment and revenue information (Cont'd)

4.1 Reportable segments (Cont'd)

Business Segments
For the three months ended 31 March 2021
Group

	<u>Direct selling</u>	<u>Franchise</u>	<u>Others</u>	<u>Unallocated</u>	<u>Total</u>
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
External sales and services	54,240	74,032	188	-	128,460
Recurring EBITDA	18,997	32,378	(523)	(371)	50,481
Interest income	90	411	23	-	524
Interest expense	(48)	(15)	-	(13)	(76)
Depreciation	(748)	(568)	(19)	(45)	(1,380)
Amortisation	(3)	(1)	(22)	(58)	(84)
Share of results of a joint venture	-	-	-	345	345
Share of results of an associate	-	-	-	(49)	(49)
Profit (Loss) before tax from continuing operations	18,288	32,205	(541)	(191)	49,761
Income tax expense					(11,989)
Profit from continuing operations					37,772
<u>Other segment items</u>					
Additions to property, plant and equipment	395	108	-	2,695	3,198
Additions to intangible assets	6	7	-	-	13
<u>Assets and liabilities</u>					
Total assets for reportable segments	173,913	268,814	9,173	31,064	482,964
Unallocated:					
Investment property	-	-	-	1,109	1,109
Other intangible assets	-	-	-	7,744	7,744
Investment in a joint venture	-	-	-	48,958	48,958
Investment in an associate	-	-	-	5,173	5,173
Deferred tax assets	-	-	-	27,138	27,138
Other financial assets	-	-	-	18,010	18,010
Other assets	-	-	-	15,282	15,282
Other unallocated amounts	-	-	-	4,010	4,010
Total group assets	173,913	268,814	9,173	158,488	610,388
Total liabilities for reportable segments	(77,815)	(102,739)	(38)	(3,958)	(184,550)
Unallocated:					
Deferred tax liabilities	-	-	-	(8,298)	(8,298)
Other financial liabilities	-	-	-	(33,598)	(33,598)
Income tax payable	-	-	-	(39,475)	(39,475)
Deferred grant income	-	-	-	(280)	(280)
Total group liabilities	(77,815)	(102,739)	(38)	(85,609)	(266,201)

4 Segment and revenue information (Cont'd)

4.2 Disaggregation of revenue

	Group	
	For the three months ended	
	2022	2021
	\$'000	\$'000
Primary geographical markets		
Singapore	9,230	8,332
People's Republic of China	70,039	74,210
Taiwan	17,522	29,392
Malaysia	7,182	7,020
Others	11,587	9,506
	<hr/>	
Total revenue	115,560	128,460
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	Group	
	For the three months ended	
	2022	2021
	\$'000	\$'000
Major operating segments		
Direct selling	45,469	54,240
Franchise	69,987	74,032
Others	104	188
	<hr/>	
Total revenue	115,560	128,460
	<hr/>	

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

5. Financial assets and financial liabilities

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

	Group		Company	
	31-Mar-22	31-Dec-21	31-Mar-22	31-Dec-21
	\$'000	\$'000	\$'000	\$'000
Financial assets:				
<i>Non-Current:</i>				
<u>Financial assets at fair value through profit or loss</u>				
Other financial assets	4,848	4,972	-	-
<u>Financial assets at amortised cost</u>				
Other financial assets	-	269	-	269
Total financial assets (non-current)	4,848	5,241	-	269
<i>Current:</i>				
<u>Financial assets at fair value through profit or loss</u>				
Other financial assets	13,811	14,200	13,811	14,200
<u>Financial assets at amortised cost</u>				
Cash and bank balances	422,403	474,827	238,026	298,149
Other financial assets	270	270	270	270
Trade and other receivables	10,046	6,140	42,368	17,687
Total financial assets at amortised cost (current)	432,719	481,237	280,664	316,106
Total financial assets (current)	446,530	495,437	294,475	330,306
Total financial assets	451,378	500,678	294,475	330,575
	Group		Company	
	31-Mar-22	31-Dec-21	31-Mar-22	31-Dec-21
	\$'000	\$'000	\$'000	\$'000
Financial liabilities:				
<i>Non-Current:</i>				
<u>Financial liabilities at fair value through profit or loss</u>				
Other financial liabilities	19,143	19,632	-	-
<u>Financial liabilities at amortised cost</u>				
Lease liabilities	7,682	8,948	757	1,021
Total financial liabilities (non-current)	26,825	28,580	757	1,021
<i>Current:</i>				
<u>Financial liabilities at fair value through profit or loss</u>				
Other financial liabilities	197	-	197	-
<u>Financial liabilities at amortised cost</u>				
Trade and other payables	150,864	147,940	61,969	56,124
Lease liabilities	5,638	5,085	1,277	1,367
	156,502	153,025	63,246	57,491
Total financial liabilities (Current)	162,140	158,110	64,523	58,858
Total financial liabilities	188,965	186,690	65,280	59,879

5. Fair value of assets and liabilities (Cont'd)

(a) *Fair value hierarchy*

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

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

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

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

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

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

	Group As at 31 Mar 2022 \$'000		Group As at 31 Dec 2021 \$'000	
	Fair value measurements at the reporting date using		Fair value measurements at the reporting date using	
	Quoted prices in active markets for identical instruments (Level 1)	Significant unobservable inputs (Level 3)	Quoted prices in active markets for identical instruments (Level 1)	Significant unobservable inputs (Level 3)
Recurring fair value measurements assets:				
Other financial assets				
- Financial instruments at FVPL	13,811	—	14,200	—
- Call option – Pedal Pulses Ltd.	—	4,848	—	4,972
Recurring fair value measurements liabilities:				
Other financial liabilities				
- Put option – Pedal Pulses Ltd.	—	(19,143)	—	(19,632)

5. Fair value of assets and liabilities (Cont'd)

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

Movements in Level 3 assets measured at fair value

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

	Group \$'000 Fair value measurements at the reporting date using significant unobservable inputs (Level 3)		
	Call option derivatives	Put option derivatives	Total
At 31 December 2021 & 1 January 2022	4,972	(19,632)	(14,660)
Foreign exchange adjustment	(124)	489	365
At 31 March 2022	4,848	(19,143)	(14,295)

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

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

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

Group As at 31 March 2022 \$'000				
	Quoted prices in active markets for identical assets (Level 1)	Significant unobservable inputs (Level 3)	Fair value Total	Carrying amount
Assets				
Investment property	–	3,100	3,100	1,086
Other financial assets				
- Financial instruments at amortised cost	275	–	275	270

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

6. Other operating income

	Group For the three months ended 31 March	
	2022	2021
	\$'000	\$'000
Rental income	30	30
Government grants	37	288
Miscellaneous income	123	28
	<hr/>	<hr/>
	190	346
	<hr/>	<hr/>

7. (Other losses) Other gains, net

	Group For the three months ended 31 March	
	2022	2021
	\$'000	\$'000
Fair value loss on other financial assets	(470)	(31)
Fair value (loss) gains on foreign exchange derivatives	(198)	661
Foreign exchange gains, net	161	2,465
Inventories written-down	(48)	(107)
Gain on disposal of property, plant and equipment	10	26
	<hr/>	<hr/>
	(545)	3,014
	<hr/>	<hr/>

8. Profit before income tax

	Group For the three months ended 31 March	
	2022 \$'000	2021 \$'000
<u>Included in distribution costs</u>		
Commission expenses	15,114	18,714
Franchise sales related expenses	3,404	4,415
<u>Included in administrative expenses</u>		
Employee benefit expenses	19,070	18,120
Amortisation of intangible assets	22	26
Amortisation of other intangible asset	61	58
Depreciation of right-of-use assets	913	773
Depreciation of property, plant and equipment	519	602
Depreciation of investment property	5	5

9. Income tax expense

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

	Group For the three months ended 31 March	
	2022 \$'000	2021 \$'000
Consolidated statement of profit or loss:		
Current income tax:		
- Current income taxation	6,825	11,511
- Under provision in respect of previous years	—	(751)
- Withholding tax	757	1,467
	7,582	12,227
Deferred expenses (income) tax:		
- Origination and reversal of temporary differences	2,097	(238)
Income tax expense recognised in profit or loss	9,679	11,989

10. Property, plant and equipment

During the three months ended 31 March 2022, the Group acquired assets amounting to \$4,612,000 (three months ended 31 March 2021: \$3,198,000) and disposed of assets amounting to \$993,000 (three months ended 31 March 2021: \$106,000).

11. Investment property

	Group	
	As at 31 Mar 2022	As at 31 Dec 2021
	\$'000	\$'000
At cost	1,400	1,400
Less: accumulated amortisation	(314)	(309)
Net book value	1,086	1,091

12. Intangible assets

	Group		Company	
	As at 31 Mar 2022	As at 31 Dec 2021	As at 31 Mar 2022	As at 31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Goodwill	1,016	1,016	–	–
Licenses	8,902	8,873	–	–
Trademarks	932	926	677	671
Customer relationship	740	740	–	–
	11,590	11,555	677	671
Less: accumulated amortisation	(10,451)	(10,405)	(621)	(620)
Net book value	1,139	1,150	56	51

13. Other intangible assets

	Group	
	As at 31 Mar 2022	As at 31 Dec 2021
	\$'000	\$'000
At cost	9,096	9,096
Less: accumulated amortisation	(1,285)	(1,224)
Net book value	7,811	7,872

14. Investment in a joint venture

	Group	
	As at 31 Mar 2022	As at 31 Dec 2021
	\$'000	\$'000
Cash consideration paid	24,762	24,762
Fair value of call option as at date of acquisition	(6,185)	(6,185)
Fair value of put option as at date of acquisition	29,594	29,594
Dividend received	(920)	(920)
Share of post-acquisition results	1,508	1,433
	<hr/>	<hr/>
	48,759	48,684
Less: Impairment loss charged to profit and loss	(10,312)	(10,312)
	<hr/>	<hr/>
	38,447	38,372
	<hr/>	<hr/>

15. Investment in an associate

	Group	
	As at 31 Mar 2022	As at 31 Dec 2021
	\$'000	\$'000
Shares, at cost	5,625	5,625
Share of post-acquisition results	(722)	(631)
	<hr/>	<hr/>
	4,903	4,994
	<hr/>	<hr/>

16. Inventories

	Group		Company	
	As at 31 Mar 2022	As at 31 Dec 2021	As at 31 Mar 2022	As at 31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
<i>Statement of financial position:</i>				
Finished goods (at lower of cost and net realisable value)	81,992	87,874	29,164	26,902
Raw materials	113	124	—	—
Work-in-progress	214	—	—	—
Packaging materials	155	154	—	—
	<hr/>	<hr/>	<hr/>	<hr/>
Total inventories	82,474	88,152	29,164	26,902
	<hr/>	<hr/>	<hr/>	<hr/>

17. Trade and other receivables

	Group		Company	
	As at 31 Mar 2022	As at 31 Dec 2021	As at 31 Mar 2022	As at 31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Financial assets				
<i>Trade receivables</i>				
Third parties	6,307	2,092	374	651
Amounts due from subsidiaries	–	–	50,829	28,776
Less: Allowance for expected credit losses	(1,501)	(1,501)	(16,872)	(16,872)
	4,806	591	34,331	12,555
<i>Other receivables</i>				
Third parties	9,299	3,982	1,288	1,231
Refundable rental deposits	1,592	1,950	1,271	1,271
Amounts due from subsidiaries	–	–	14,246	11,673
Less: Allowance for expected credit losses	(383)	(383)	(8,401)	(8,401)
	10,508	5,549	8,404	5,774
Total trade and other receivables	15,314	6,140	42,735	18,329
Less: GST and VAT receivables	(5,268)	–	(367)	(642)
Total trade and other receivables at amortised cost	10,046	6,140	42,368	17,687

18. Cash and bank equivalents

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

	Group		Company	
	As at 31 Mar 2022	As at 31 Dec 2021	As at 31 Mar 2022	As at 31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Cash at banks	422,403	474,827	238,026	298,149
Cash pledged for bank facilities	(3,052)	(48)	(3,000)	–
Cash pledged for security deposits	(4,862)	(5,433)	–	–
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the financial year	414,489	469,346	235,026	298,149

19. Trade and other payables

	Group		Company	
	As at 31 Mar 2022	As at 31 Dec 2021	As at 31 Mar 2022	As at 31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Third parties	5,725	7,346	5,674	7,155
Accrued operating expenses	62,044	54,288	50,576	41,030
	67,769	61,634	56,250	48,185
Other payables				
- Third parties	83,095	88,029	5,719	7,939
- Amount due to subsidiaries	—	—	—	—
	83,095	88,029	5,719	7,939
Total trade and other payables	150,864	149,663	61,969	56,124
Less: GST and VAT payables	—	(1,723)	—	—
Total trade and other payables at amortised cost	150,864	147,940	61,969	56,124

20. Share capital

(a) Share Capital

	Group and Company		Group and Company	
	Issued ordinary shares (excluding treasury shares)		Issued and fully paid up capital (excluding treasury shares)	
	No. of shares		\$'000	
	2022	2021	2022	2021
At 1 January and 31 March	544,100,114	544,100,114	10,027	10,027
Share purchased and cancelled	(54,410,011)	—	—	—
	489,690,103	544,100,114	10,027	10,027

20. Share capital (Cont'd)

(b) Treasury Shares

	<u>Group and Company</u>		<u>Group and Company</u>	
	<u>No. of shares</u>		<u>\$'000</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
At 1 January and 31 March	10,291,900	10,291,900	10,591	10,591

For the three months ended 31 March 2022 (three months ended 31 March 2021: Nil), the company purchased and cancelled 54,410,011 of its own shares from shareholders at the offer price of \$1.36 for each share by way of a Off-Market Equal Access Offer,

The total number of issued ordinary shares excluding treasury shares as at 31 March 2022 was 489,690,103 (31 December 2020 was 544,100,114).

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

The total number of treasury shares as at 31 March 2022 and 31 March 2021 was 10,291,900.

21. Dividend

No dividends have been declared/recommended by the Board for the financial period ended 31 March 2022, in the face of the Group's current circumstances and uncertain business climate, taking into consideration short and medium commitments.

22. Earnings per share

	GROUP		
	3 months ended 31.03.22	3 months ended 31.03.21	Change %
Earnings per share of Group:			
(a) Based on weighted average number of ordinary shares on issue (cts); and	5.21	6.97	(25.3)
(b) On a fully diluted basis (cts)	5.21	6.97	(25.3)

For comparative purposes, the earnings per ordinary shares for the three months ended 31 March 2022 and 31 March 2021 are calculated based on the profit for the period of approximately \$27.6 million and \$37.9 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the three months ended 31 March 2022 is 530,195,333. (3 months ended 31 March 2021: 544,100,114).

23. Net asset value per share

	GROUP		COMPANY	
	31.03.22	31.12.21	31.03.22	31.12.21
Net asset value per ordinary shares (cents)	93.49	92.73	76.38	75.15

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 31 March 2022 was 489,690,103 (31 December 2021: 544,100,114).

24. Borrowings and debt securities

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

25. Related party transactions

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

	Group For the three months ended 31 March	
	2022 \$'000	2021 \$'000
With persons related to directors of the Company		
Sale of goods	16	16
Commission expenses	115	87
Marketing fee	55	76
Consultancy fee expenses	21	9

26. Subsequent event***Off-market share buyback***

On 26 April 2022, the Company proposed to undertake an off-market purchase of shares in accordance with the share buyback mandate renewed at the extraordinary general meeting of the Company held on 7 April 2022 (the "Equal Access Offer"). Under this Equal Access Offer, the Company will buy back up to approximately 10% of the Company's issued share capital or 48,969,010 of its own shares from shareholders at the offer price of \$1.36 for each share. The shares bought back will be cancelled.

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

OTHER INFORMATION

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

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

1. Review

The statements of financial position as at 31 March 2022 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows for the three months ended 31 March 2022, and the selected explanatory notes (the "Condensed Consolidated Interim Financial Statements") have not been audited or reviewed by the Company's auditors.

2. Review of the performance of the Group

Consolidated Statement of Comprehensive Income

The Group's profit attributable to owners of the parent company decreased to \$27.6 million in 1Q2022 mainly due to the following factors:

- a) **Revenue** contributions from our major markets of China and Taiwan decline mainly as a result of the postponement and cancellation of events and activities due to Covid-19 control measures, amidst improved revenue contributions from Singapore, Malaysia and other markets. Overall, the Group recorded a 10% decline in revenue compared to 1Q2021.
- b) **Cost of sales** decreased to \$27.8 million in 1Q2022 from \$29.0 million in 1Q2021 as a result of the revenue decline. **Gross profit margin** remains relatively stable at 76.0% in 1Q2022 compared to 77.4% for the same period last year;
- c) **Interest income** increased from \$0.5 million in 1Q2021 to \$1.4 million in 1Q2022 was mainly due to interest derived from the Group's cash placed in dual currency deposits with banks;
- d) **Other operating income** declined to \$0.2 million in 1Q2022 from \$0.3 million in 1Q2021 due to lower government grants for 1Q2022;
- e) **Distribution costs** decreased by \$2.9 million or 9.5% when compared to the same period last year due to lower sales related expenses for the Franchise segment as well as freelance commissions from the Direct Selling segment;
- f) **Administrative expenses** increased slightly from \$23.0 million in 1Q2021 to \$23.7 million in 1Q2022 mainly due to higher management and staff costs;
- g) **Finance costs** maintained at \$76,000 in 1Q2022 vis-à-vis 1Q2021;
- h) The Group recorded **Net Other Losses** of \$0.5 million as compared to **Net Other Gains** of \$3.0 million in 1Q2021 mainly as a result of lower foreign exchange gains recorded for 1Q2022. Net Other Losses in 1Q2022 was mainly due to fair value losses on other financial

assets and foreign exchange derivatives, offsetting net foreign exchange gains mainly from revaluation of cash and cash equivalents in US Dollar and Chinese Yuan and the financial options denominated in British Pound.

- i) **Share of results of our joint venture** in Pedal Pulses Limited was \$75,000 in 1Q2022 when compared to \$0.3 million in 1Q2021 mainly due to lower share of profits for the period offsetting higher amortisation expenses of intangible assets identified during the purchase price allocation exercise;
- j) **Share of losses for our associated company**, Celligenics increased from \$49,000 in 1Q2021 to \$87,000 in 1Q2022 mainly due to an increase in expenses relating to research projects; and
- k) The Group reported a lower **income tax expense** of \$9.7 million in 1Q2022 when compared to \$12.0 million in 1Q2021. The effective tax rate in 1Q2022 was 26.0% when compared to 24.1% in 1Q2021.

Consolidated Statement of Financial Position

Total assets of the Group decreased by \$44.7 million from \$763.8 million as at 31 December 2021 to \$719.1 million as at 31 March 2022.

The decrease was mainly due to:

- Decrease in inventories by \$5.7 million due to sufficient inventory buffer as at 31 March 2022;
- Decrease in deferred tax assets by \$2.1 million due to reversal of unrealised profits from inventory; and
- Decrease in cash and cash equivalents of \$52.4 million due to reasons stated in the consolidated statement of cash flows section below.

This was partially offset by the increase in property, plant and equipment from \$63.7 million as at 31 December 2021 to \$67.6 million as at 31 March 2022 due to construction in progress in relation to our recently completed Tuas manufacturing facility, increase in trade and other receivables of \$9.2 million as a result of net GST/VAT receivables for the period and higher trade receivables relating to transactions pending clearance from payment service providers as well as increase in other assets of \$3.9 million due to advance payment made to suppliers from Franchise segment.

Total liabilities of the Group increased slightly by \$2.0 million from \$261.9 million as at 31 December 2021 to \$263.8 million as at 31 March 2022.

The increase was mainly due to:

- Increase in contract liabilities of \$4.7 million due to higher deposits received from customers; and
- Increase in trade and other payables of \$1.2 million.

This was partially offset by the decrease in income tax payable of \$2.5 million, decrease in lease liabilities by \$0.7 million mainly due to payment of lease liabilities and decrease in non-current other financial liabilities of \$0.3 million mainly due to foreign exchange gain due to the revaluation of the put options in relation to the acquisition of Pedal Pulses.

Consolidated Statement of Cash Flows

In 1Q2022, **net cash flows from operating activities** of \$25.3 million was mainly attributable to the Group's net profit before tax of \$37.2 million, offsetting changes in working capital as a result of increase in trade and other receivables, other assets and income tax payments during the period.

Net cash flow used in investing activities was mainly related to capital expenditure incurred for the purchase of property, plant and equipment in relation to our recently completed Tuas manufacturing facility, offsetting interest received during the period.

Net cash flow used in financing activities was mainly attributable to the Off-Market Share buyback exercise completed on 8 March 2022.

As at 31 March 2022, the Group maintained approximately \$422.4 million in cash and cash equivalents.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The results are in line with Section 4 of **Other Information** of the last quarter's results announcement.

4 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

As anticipated in Section 4 of our preceding announcements, our key markets of China maintaining a "Zero Covid" policy and the Taiwan market were affected by rates of Omicron infections which have negatively impacted our 1Q2022 revenue. Management foresees continued disruptions of marketing events and activities in these markets or more for the next 12 months. On top of the declining growth, high oil prices may also bring about price increases for raw material, packaging material and freight and courier charges, all potentially affecting margins for quarters moving forward. Hence, management's outlook for the next reporting period and FY2022 is a cautious one.

Barring any unforeseen circumstances, factors may affect the Group's performance in the next reporting period and for the next 12 months include:

- The Group's China subsidiary's preferential rates for custom duty and incentive grants may be amended or removed by the relevant authorities as and when they see fit. In which case, the Group's gross and net profit margin will be impacted accordingly;
- After a few quarters, logistics disarray and elevated freight charges still challenge the Group's operations and potentially may result in the loss of revenue due to inventory shortages caused by delays in shipments and higher cost of goods for the Group;
- The Group continues to incur professional fees for services related to M&A, corporate actions, market development evaluations and operational adherence to all relevant local regulations in the jurisdictions we operate in, etc;

- Higher administrative expenses will be incurred as we continue to build the talent pool of our growing team around the world, including for our Tuas manufacturing facility, so as to support the Group's future growth. There will also be expenses related to the relocation/refurbishment of several Regional Centres and the headquarters for the next few reporting quarters; and
- Fluctuations of currencies in key markets which the Group operates in against the Singapore Dollar may impact the Group's performance either positively or negatively. Management has measures in place in order to mitigate these potential risks.

Aside from the above, other factors that may impact the Group's performance in the next reporting period or the next 12 months include, the timeline for product registration and product licenses renewal in key markets, natural disasters including pandemics, sudden regulatory changes or market restrictions in key markets we operate in, cyber security issues and disruptions from competitors and disgruntled customers.

5. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain a general mandate from shareholders for Interested Person Transactions.

Interested Person Transactions

Name of Interested Person	For the three months ended 31 March 2022	
	Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920
	\$'000	\$'000
Pek Lu Pin ⁽¹⁾		
- Sales	5	NA
- Freelance commission paid	56	NA
- Marketing fee paid	52	NA

Note (1): Daughter of Doreen Tan Nee Moi

6. Board Negative Assurance Confirmation for Interim Financial Results

We, Dora Hoan Beng Mui and Doreen Tan Nee Moi, being two directors of Best World International Limited (the "Company"), do hereby confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the three months ended 31 March 2022 to be false or misleading.

7. Confirmation Pursuant to Rule 720(1) of the Listing Manual

Best World International Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

On behalf of the Board of Directors

Dora Hoan Beng Mui
Co-Chairman, Group CEO/ Managing Director

Doreen Tan Nee Moi
Co-Chairman, President

11 May 2022