



# **BEST WORLD INTERNATIONAL LTD**

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

## **Unaudited Condensed Interim Financial Statements For The Half Year Ended 30 June 2021**

**BEST WORLD INTERNATIONAL LIMITED**  
**Unaudited Condensed Interim Financial Statements**  
**For The Half Year Ended 30 June 2021**

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## CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2021

(Amounts expressed in Singapore dollars)

	Note	Group			Group		
		3 months Ended 30.06.21 \$'000	3 months Ended 30.06.20 \$'000	Change %	6 months Ended 30.06.21 \$'000	6 months Ended 30.06.20 \$'000	Change %
Revenue	4	149,979	138,500	8.3	278,439	213,050	30.7
Cost of sales		(29,583)	(35,989)	(17.8)	(58,600)	(58,531)	0.1
Gross profit		120,396	102,511	17.4	219,839	154,519	42.3
<u>Other items of income</u>							
Interest income		1,091	189	477.2	1,615	695	132.4
Other operating income	6	386	877	(56.0)	732	922	(20.6)
<u>Other Items of Expense</u>							
Distribution costs	8	(40,799)	(36,665)	11.3	(71,565)	(57,737)	23.9
Administrative expenses	8	(24,777)	(18,347)	35.0	(47,797)	(34,276)	39.4
Finance costs		(119)	(237)	(49.8)	(195)	(363)	(46.3)
Other gains (Other losses), net	7	915	(1,746)	NM	3,929	3,029	29.7
Share of results of a joint venture		138	432	(68.1)	483	432	11.8
Share of results of an associate		(49)	(67)	(26.9)	(98)	(121)	(19.0)
<b>Profit before tax</b>		57,182	46,947	21.8	106,943	67,100	59.4
Income tax expense	9	(17,696)	(18,005)	(1.7)	(29,685)	(25,129)	18.1
<b>Profit for the period</b>		39,486	28,942	36.4	77,258	41,971	84.1
<b>Profit attributable to:</b>							
- Owners of the parent company		39,370	28,766	36.9	77,269	42,046	83.8
- Non-controlling interests		116	176	(34.1)	(11)	(75)	(85.3)
<b>Profit for the period</b>		39,486	28,942	36.4	77,258	41,971	84.1
<u>Additional notes:</u>							
Gross profit margin		80.3%	74.0%		79.0%	72.5%	
Net profit margin		26.3%	20.8%		27.8%	19.7%	
Earnings per share (cents)	22	7.24	5.29		14.20	7.73	

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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**Statement of Comprehensive Income for the six months ended 30 June 2021:**

	Group			Group		
	3 months Ended 30.06.21 \$'000	3 months Ended 30.06.20 \$'000	Change %	6 months Ended 30.06.21 \$'000	6 months Ended 30.06.20 \$'000	Change %
<b>Profit for the period, net of tax</b>	39,486	28,942	36.4	77,258	41,971	84.1
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	<u>2,481</u>	<u>(327)</u>	NM	<u>4,189</u>	<u>820</u>	410.9
<b>Other comprehensive income for the period, net of tax</b>	<u>2,481</u>	<u>(327)</u>	NM	<u>4,189</u>	<u>820</u>	410.9
<b>Total comprehensive income for the period</b>	<u>41,967</u>	<u>28,615</u>	46.7	<u>81,447</u>	<u>42,791</u>	90.3
Attributable to:						
<b>Owners of the parent company</b>	<b>41,855</b>	<b>28,623</b>	46.2	<b>81,381</b>	<b>43,016</b>	89.2
Non-controlling interests	<u>112</u>	<u>(8)</u>	NM	<u>66</u>	<u>(225)</u>	NM
<b>Total comprehensive income for the period</b>	<u>41,967</u>	<u>28,615</u>	46.7	<u>81,447</u>	<u>42,791</u>	90.3

## CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

(Amounts expressed in Singapore dollars)

	Note	Group		Company	
		30.06.21	31.12.20	30.06.21	31.12.20
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	45,706	31,518	2,845	3,306
Investment property	11	1,100	1,109	-	-
Intangible assets	12	1,171	1,176	47	39
Other intangible assets	13	7,629	7,744	-	-
Right-of-use assets		8,615	10,749	3,260	4,033
Investment in subsidiaries		-	-	93,222	73,478
Investment in a joint venture	14	48,521	48,958	-	-
Investment in an associate	15	5,075	5,173	-	-
Deferred tax assets		25,981	27,138	-	-
Other financial assets		5,621	5,376	536	791
<b>Total non-current assets</b>		<b>149,419</b>	<b>138,941</b>	<b>99,910</b>	<b>81,647</b>
<b>Current assets</b>					
Inventories	16	98,109	102,787	22,636	27,952
Trade and other receivables	17	10,040	6,712	65,790	126,555
Other assets		25,758	15,282	13,054	8,790
Other financial assets		14,487	12,634	14,487	12,634
Cash and cash equivalents	18	393,521	334,032	231,591	175,104
<b>Total current assets</b>		<b>541,915</b>	<b>471,447</b>	<b>347,558</b>	<b>351,035</b>
<b>Total assets</b>		<b>691,334</b>	<b>610,388</b>	<b>447,468</b>	<b>432,682</b>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Income tax payable		31,383	39,475	17,370	21,984
Trade and other payables	19	134,129	142,519	60,545	69,019
Contract liabilities		18,632	7,506	-	-
Other financial liabilities		-	800	-	800
Lease liabilities		2,827	3,731	1,408	1,389
Other liabilities		27,317	1,586	1,082	1,239
<b>Total current liabilities</b>		<b>214,288</b>	<b>195,617</b>	<b>80,405</b>	<b>94,431</b>
<b>Net current assets</b>		<b>327,627</b>	<b>275,830</b>	<b>267,153</b>	<b>256,604</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		12,660	8,298	4,899	4,899
Other financial liabilities		33,661	32,798	-	-
Other liabilities		-	23,126	-	-
Lease liabilities	10	5,091	6,362	1,677	2,388
<b>Total non-current liabilities</b>		<b>51,412</b>	<b>70,584</b>	<b>6,576</b>	<b>7,287</b>
<b>Total liabilities</b>		<b>265,700</b>	<b>266,201</b>	<b>86,981</b>	<b>101,718</b>
<b>Net assets</b>		<b>425,634</b>	<b>344,187</b>	<b>360,487</b>	<b>330,964</b>
<b>Equity, attributable to owner of the company</b>					
Share capital	20	10,027	10,027	10,027	10,027
Retained earnings		392,079	314,810	350,138	320,615
Other reserves		26,035	21,923	322	322
		428,141	346,760	360,487	330,964
Non-controlling interests		(2,507)	(2,573)	-	-
<b>Total equity</b>		<b>425,634</b>	<b>344,187</b>	<b>360,487</b>	<b>330,964</b>
<b>Total equity and liabilities</b>		<b>691,334</b>	<b>610,388</b>	<b>447,468</b>	<b>432,682</b>

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2021

(Amounts expressed in Singapore dollars)

	Group		Group	
	3 Months Ended 30.06.21	3 Months Ended 30.06.20	6 Months Ended 30.06.21	6 Months Ended 30.06.20
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities:</b>				
Profit before tax	57,182	46,947	106,943	67,100
Interest income	(1,091)	(189)	(1,615)	(695)
Interest expenses	119	237	195	363
Depreciation of property, plant and equipment	611	165	1,213	772
Depreciation of right-of-use assets	1,405	1,582	2,178	2,286
Depreciation of an investment property	4	4	9	9
Amortisation of intangible assets	49	85	133	172
Loss (Gain) on disposal of property, plant and equipment	5	-	(21)	-
Reversal of expected credit loss on other receivables	(3)	-	(3)	-
Fair value gains (losses) on foreign exchange derivatives	(139)	584	(800)	(457)
Fair value gains on other financial assets	(31)	(431)	-	(174)
Fair value change in call option	(500)	-	(500)	-
Fair value change in put option	863	-	863	-
Inventories written down (written back)	490	(122)	597	19
Share of results of a joint venture	(138)	(432)	(483)	(432)
Share of results of an associate	49	67	98	121
Unrealised exchange losses	1,590	2,479	2,280	423
<b>Operating cash flows before changes in working capital</b>	<u>60,465</u>	<u>50,976</u>	<u>111,087</u>	<u>69,507</u>
Inventories	412	11,274	4,081	3,653
Trade and other receivables	2,875	(6,881)	(3,344)	(4,767)
Other assets	(4,339)	(1,019)	(10,476)	(6,284)
Trade and other payables and other liabilities	(3,199)	(12,538)	(4,812)	(37,786)
Contract liabilities	11,126	10,758	11,126	10,758
<b>Cash flows from operations</b>	<u>67,340</u>	<u>52,570</u>	<u>107,662</u>	<u>35,081</u>
Income tax paid	(19,002)	(7,207)	(32,668)	(15,919)
<b>Net cash flows from operating activities</b>	<u>48,338</u>	<u>45,363</u>	<u>74,994</u>	<u>19,162</u>
<b>Cash flows from investing activities:</b>				
Acquisition of a joint venture	-	(24,762)	-	(24,762)
Purchase of property, plant and equipment	(12,166)	(1,103)	(15,364)	(3,224)
Proceeds from disposal of property, plant and equipment	-	-	26	-
Purchase of intangible assets	(13)	5	(26)	(20)
Purchase of other financial assets	(10)	-	(1,351)	-
Proceeds from disposal of other financial assets	-	262	-	262
Dividend received from a joint venture	920	-	920	-
Interest received	1,091	189	1,615	695
<b>Net cash flows used in investing activities</b>	<u>(10,178)</u>	<u>(25,409)</u>	<u>(14,180)</u>	<u>(27,049)</u>
<b>Cash flows from financing activities:</b>				
Payment of lease liabilities	(1,281)	(1,364)	(2,201)	(2,176)
Decrease (increase) in cash restricted in use	(62)	77	(128)	(100)
<b>Net cash flows used in financing activities</b>	<u>(1,343)</u>	<u>(1,287)</u>	<u>(2,329)</u>	<u>(2,276)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	36,817	18,667	58,485	(10,163)
<b>Effects of exchange rate changes on cash and cash equivalents</b>	446	(760)	876	1,079
<b>Cash and cash equivalents, statement of cash flows, beginning balance</b>	<u>350,459</u>	<u>208,425</u>	<u>328,361</u>	<u>235,416</u>
<b>Cash and cash equivalents, statement of cash flows, ending balance</b> <span style="float: right;">Note A</span>	<u>387,722</u>	<u>226,332</u>	<u>387,722</u>	<u>226,332</u>
<b>Note A :</b>				
	Group	Group	Group	Group
	3 Months Ended 30.06.21	3 Months Ended 30.06.20	6 Months Ended 30.06.21	6 Months Ended 30.06.20
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	393,521	232,087	393,521	232,087
Less: Cash pledged and cash restricted in use	(5,799)	(5,755)	(5,799)	(5,755)
<b>Cash and cash equivalents in the consolidated cash flow statement</b>	<u>387,722</u>	<u>226,332</u>	<u>387,722</u>	<u>226,332</u>

## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2021

(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
<b>Balance at 1 January 2021</b>	344,187	346,760	20,618	(10,591)	314,810	104	22,606	322	(1,109)	(2,573)
<b><u>Movements in equity</u></b>										
Total comprehensive income (expense) for the period	39,480	39,526	-	-	37,899	1,627	-	-	-	(46)
<b>Balance at 31 March 2021</b>	383,667	386,286	20,618	(10,591)	352,709	1,731	22,606	322	(1,109)	(2,619)
<b><u>Movements in equity</u></b>										
Total comprehensive income for the period	41,967	41,855	-	-	39,370	2,485	-	-	-	112
<b>Balance at 30 June 2021</b>	<u>425,634</u>	<u>428,141</u>	<u>20,618</u>	<u>(10,591)</u>	<u>392,079</u>	<u>4,216</u>	<u>22,606</u>	<u>322</u>	<u>(1,109)</u>	<u>(2,507)</u>
<b>Balance at 1 January 2020</b>	236,658	238,581	20,618	(10,591)	223,277	(75)	6,139	322	(1,109)	(1,923)
<b><u>Movements in equity</u></b>										
Total comprehensive income (expense) for the period	14,176	14,393	-	-	13,280	1,113	-	-	-	(217)
<b>Balance at 31 March 2020</b>	250,834	252,974	20,618	(10,591)	236,557	1,038	6,139	322	(1,109)	(2,140)
<b><u>Movements in equity</u></b>										
Total comprehensive income (expense) for the period	28,615	28,623	-	-	28,766	(143)	-	-	-	(8)
<b>Balance at 30 June 2020</b>	<u>279,449</u>	<u>281,597</u>	<u>20,618</u>	<u>(10,591)</u>	<u>265,323</u>	<u>895</u>	<u>6,139</u>	<u>322</u>	<u>(1,109)</u>	<u>(2,148)</u>

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2021**

(Amounts expressed in Singapore dollars)

	<u>Attributable to owners of the parent company</u>				
	<u>Total equity</u>	<u>Share capital</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Share-based compensation reserves</u>
Company	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2021</b>	330,964	20,618	(10,591)	320,615	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	14,390	-	-	14,390	-
<b>Balance as at 31 March 2021</b>	345,354	20,618	(10,591)	335,005	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	15,133	-	-	15,133	-
<b>Balance as at 30 June 2021</b>	<u>360,487</u>	<u>20,618</u>	<u>(10,591)</u>	<u>350,138</u>	<u>322</u>
<b>Balance at 1 January 2020</b>	201,871	20,618	(10,591)	191,522	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	30,746	-	-	30,746	-
<b>Balance as at 31 March 2020</b>	232,617	20,618	(10,591)	222,268	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	22,302	-	-	22,302	-
<b>Balance as at 30 June 2020</b>	<u>254,919</u>	<u>20,618</u>	<u>(10,591)</u>	<u>244,570</u>	<u>322</u>



## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

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### 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, Eigthrium, #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 2020.

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 2021.

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 efforts to resolve each audit issue as follows:

(i) **Business model in China**

The Board will continue to engage legal advisors to assist to eventually transition to a full direct selling model in China, which will involve the expansion of the coverage of its existing 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 will not affect the FY2020 and 2Q2021 accounts.

(iii) **Classification of payments to promotional companies**

In our franchise business in China, 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 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 service fees, 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 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**

We have historically experienced lower sales volumes in the first quarter of the year due to the celebration of Chinese New Year, and because our distributors and franchisees would typically increase their purchases in the fourth quarter of the year in order to increase their sales volumes during the year and to prepare for the holiday season.

## **4. Segment and revenue information**

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- (i) The direct selling segment mainly comprises sales to customers through direct selling and online channels in Singapore, Malaysia, Indonesia, Thailand, Taiwan, Hong Kong, Vietnam, Philippines, Korea, Australia, New Zealand, United States 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 six months ended 30 June 2021

#### Group

	<u>Direct selling</u> \$ '000	<u>Franchise</u> \$ '000	<u>Others</u> \$ '000	<u>Un- allocated</u> \$ '000	<u>Total</u> \$ '000
External sales and services	133,987	143,929	523	-	278,439
Recurring EBITDA	45,213	65,803	(1,117)	(1,228)	108,671
Interest income	426	1,143	46	-	1,615
Interest expense	(96)	(72)	-	(27)	(195)
Depreciation	(1,552)	(1,722)	(37)	(89)	(3,400)
Amortisation	(7)	-	(10)	(116)	(133)
Share of results of a joint venture	-	-	-	(98)	(98)
Share of results of an associate	-	-	-	483	483
Profit (Loss) before tax from continuing operations	43,984	65,152	(1,118)	(1,075)	106,943
Income tax expense					(29,685)
<b>Profit from continuing operations</b>					<b>77,258</b>
<u>Other segment items</u>					
Additions to property, plant and equipment	491	121	7	14,745	15,364
Additions to intangible assets	20	6	-	-	26
<u>Assets and liabilities</u>					
Total assets for reportable segments	219,601	275,345	8,044	49,495	552,485
Unallocated:					
Investment in an associate	-	-	-	5,075	5,075
Investment in a joint venture	-	-	-	48,521	48,521
Deferred tax assets	-	-	-	25,981	25,981
Other intangible assets	-	-	-	7,629	7,629
Investment property	-	-	-	1,100	1,100
Other financial assets	-	-	-	20,108	20,108
Other assets	-	-	-	25,758	25,758
Other unallocated amounts	-	-	-	4,677	4,677
<b>Total group assets</b>	<b>219,601</b>	<b>275,345</b>	<b>8,044</b>	<b>188,344</b>	<b>691,334</b>
Total liabilities for reportable segments	(79,026)	(102,510)	(374)	(6,086)	(187,996)
Unallocated					
Other financial liabilities	-	-	-	(33,661)	(33,661)
Deferred tax liabilities	-	-	-	(12,660)	(12,660)
Income tax payable	-	-	-	(31,383)	(31,383)
<b>Total group liabilities</b>	<b>(79,026)</b>	<b>(102,510)</b>	<b>(374)</b>	<b>(83,790)</b>	<b>(265,700)</b>

## 4 Segment and revenue information (Cont'd)

### 4.1 Reportable segments (Cont'd)

#### Business Segments

For the six months ended 30 June 2020

#### 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	105,220	107,142	688	-	213,050
Recurring EBITDA	31,951	38,139	(996)	602	69,696
Interest income	148	504	43	-	695
Interest expense	(108)	(12)	-	(243)	(363)
Depreciation	(1,369)	(1,561)	(45)	(92)	(3,067)
Amortisation	(8)	(1)	(47)	(116)	(172)
Share of results of a joint venture	-	-	-	(121)	(121)
Share of results of an associate	-	-	-	432	432
Profit (Loss) before tax from continuing operations	30,614	37,069	(1,045)	462	67,100
Income tax expense					(25,129)
<b>Profit from continuing operations</b>					<b>41,971</b>
<u>Other segment items</u>					
Additions to property, plant and equipment	161	390	2	3,887	4,440
Additions to intangible assets	18	12	-	-	30
<u>Assets and liabilities</u>					
Total assets for reportable segments	129,412	226,386	8,264	13,882	377,944
Unallocated:					
Investment in an associate	-	-	-	5,293	5,293
Investment in a joint venture	-	-	-	25,194	25,194
Deferred tax assets	-	-	-	8,404	8,404
Other intangible assets	-	-	-	7,859	7,859
Investment property	-	-	-	1,118	1,118
Other financial assets	-	-	-	13,788	13,788
Other assets	-	-	-	34,723	34,723
Other unallocated amounts	-	-	-	3,708	3,708
<b>Total group assets</b>	<b>129,412</b>	<b>226,386</b>	<b>8,264</b>	<b>113,969</b>	<b>478,031</b>
Total liabilities for reportable segments	(57,092)	(94,367)	(1,007)	(3,478)	(155,944)
Unallocated:					
Other financial liabilities	-	-	-	(360)	(360)
Deferred tax liabilities	-	-	-	(142)	(142)
Deferred grant income	-	-	-	(677)	(677)
Income tax payable	-	-	-	(33,660)	(33,660)
<b>Total group liabilities</b>	<b>(57,092)</b>	<b>(94,367)</b>	<b>(1,007)</b>	<b>(38,317)</b>	<b>(190,783)</b>

#### 4 Segment and revenue information (Cont'd)

##### 4.2 Disaggregation of revenue

	<b>Group</b>	
	<b>For the six months ended</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Primary geographical markets</b>		
Singapore	18,114	8,740
People's Republic of China	144,397	107,768
Taiwan	79,007	68,119
Malaysia	16,281	16,209
Others	20,640	12,214
	<hr/>	<hr/>
Total revenue	278,439	213,050
	<hr/> <hr/>	<hr/> <hr/>

	<b>Group</b>	
	<b>For the six months ended</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Major operating segments</b>		
Direct selling	133,987	105,220
Franchise	143,929	107,142
Others	523	688
	<hr/>	<hr/>
Total revenue	278,439	213,050
	<hr/> <hr/>	<hr/> <hr/>

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

## 5. Financial assets and financial liabilities

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

	Group		Company	
	30-Jun-21 \$'000	31-Dec-20 \$'000	30-Jun-21 \$'000	31-Dec-20 \$'000
<b>Financial assets:</b>				
<b>Non-Current:</b>				
<u>Financial assets at fair value through profit or loss</u>				
Other financial assets	5,085	4,585	-	-
<u>Financial assets at amortised cost</u>				
Other financial assets	536	791	536	791
<b>Total financial assets (non-current)</b>	<b>5,621</b>	<b>5,376</b>	<b>536</b>	<b>791</b>
<b>Current:</b>				
<u>Financial assets at fair value through profit or loss</u>				
Other financial assets	14,218	12,634	14,218	12,634
<u>Financial assets at amortised cost</u>				
Cash and bank balances	393,521	334,032	231,591	175,104
Other financial assets	269	-	269	-
Trade and other receivables	7,823	4,578	65,388	125,847
Total financial assets at amortised cost (current)	401,613	338,610	297,248	300,951
<b>Total financial assets (current)</b>	<b>415,831</b>	<b>351,244</b>	<b>311,466</b>	<b>313,585</b>
<b>Total financial assets</b>	<b>421,452</b>	<b>356,620</b>	<b>312,002</b>	<b>314,376</b>
<b>Financial liabilities:</b>				
<b>Non-Current:</b>				
<u>Financial liabilities at fair value through profit or loss</u>				
Other financial liabilities	33,661	32,798	-	-
<u>Financial liabilities at amortised cost</u>				
Lease liabilities	5,091	6,362	1,677	2,388
Total financial liabilities (non-current)	38,752	39,160	1,677	2,388
<b>Current:</b>				
<u>Financial liabilities at amortised cost</u>				
Trade and other payables	134,129	142,519	60,545	69,019
Other financial liabilities	-	800	-	800
Lease liabilities	2,827	3,731	1,408	1,389
Total financial liabilities at amortised cost (Current)	136,956	147,050	61,953	71,208
<b>Total financial liabilities</b>	<b>175,708</b>	<b>186,210</b>	<b>63,630</b>	<b>73,596</b>

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

### (a) Fair value hierarchy

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

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

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

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

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

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

	<b>Group As at 30 Jun 2021 \$'000</b>		<b>Group As at 31 Dec 2020 \$'000</b>	
	<b>Fair value measurements at the reporting date using</b>		<b>Fair value measurements at the reporting date using</b>	
	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)
<b>Recurring fair value measurements assets:</b>				
Other financial assets				
- Financial instruments at FVPL	14,218	-	12,634	-
- Call option – Pedal Pulses Ltd.	-	5,085	-	4,585
<b>Recurring fair value measurements liabilities:</b>				
Other financial liabilities				
- Put option – Pedal Pulses Ltd.	-	(33,661)	-	(32,798)



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):

	<b>Group</b> \$'000		
	<b>Fair value measurements at the reporting date using significant unobservable inputs (Level 3)</b>		
	<b>Call option derivatives</b>	<b>Put option derivatives</b>	<b>Total</b>
	<hr/>	<hr/>	<hr/>
At 1 January 2020 and 30 June 2020	–	–	–
Additions	6,185	(29,594)	(23,409)
Net fair value change in profit or loss	(1,600)	(3,204)	(4,804)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	4,585	(32,798)	(28,213)
Net fair value change in profit or loss	500	(863)	(363)
	<hr/>	<hr/>	<hr/>
At 30 June 2021	5,085	(33,661)	(28,566)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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:

	<b>Group As at 30 Jun 2021 \$'000</b>			
	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant unobservable inputs (Level 3)</b>	<b>Fair value Total</b>	<b>Carrying amount</b>
<b>Assets</b>				
Investment property	–	3,100	3,100	1,100
Other financial assets - Financial instruments at amortised cost	665	–	665	805

	<b>Group As at 31 Dec 2020 \$'000</b>			
	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant unobservable inputs (Level 3)</b>	<b>Fair value Total</b>	<b>Carrying amount</b>
<b>Assets</b>				
Investment property	–	3,100	3,100	1,109
Other financial assets - Financial instruments at amortised cost	611	–	611	791

**6. Other operating income**

	<b>Group</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Rental income	58	50
Government grants	566	757
Miscellaneous income	108	115
	<hr/>	<hr/>
	732	922
	<hr/>	<hr/>

**7. Other gain (other losses), net**

	<b>Group</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Fair value gain on other financial assets	–	174
Fair value gains on foreign exchange derivatives	800	457
Fair value change in call option	500	–
Fair value change in put option	(863)	–
Allowance for impairment on inventories	(597)	(19)
Reversal of expected credit loss on other receivables	3	–
Foreign exchange gains, net	4,065	2,417
Gain on disposal of property, plant and equipment	21	–
	<hr/>	<hr/>
	3,929	3,029
	<hr/>	<hr/>

**8. Profit before income tax**

	<b>Group</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2021</b>	<b>2020</b>
	\$'000	\$'000
<u>Included in distribution costs</u>		
Convention expenses	5,241	4,441
Commission expenses	51,413	39,592
Franchise sales related expenses	6,121	7,974
Training expenses	253	143
<u>Included in administrative expenses</u>		
Employee benefit expenses	37,549	22,962
Professional fees	1,862	4,069
Amortisation of intangible assets	18	57
Amortisation of other intangible asset	115	115
Depreciation of right-of-use assets	2,178	2,286
Depreciation of property, plant and equipment	1,213	772
Depreciation of investment property	9	9

**9. Income tax expense**

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

	<b>Group</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2021</b>	<b>2020</b>
	\$'000	\$'000
<b>Consolidated statement of profit or loss:</b>		
Current income tax:		
- Current income taxation	24,841	25,727
- Under provision in respect of previous years	(751)	-
- Withholding tax	4,361	2,134
	28,451	27,761
Deferred expenses (income) tax:		
- Origination and reversal of temporary differences	1,207	(2,732)
Income tax expense recognised in profit or loss	29,658	25,129

## 10. Property, plant and equipment

During the six months ended 30 Jun 2021, the Group acquired assets amounting to \$15,364,000 (30 June 2020: \$4,440,000) and disposed of assets amounting to \$5,000 (30 June 2020: \$Nil).

## 11. Investment property

	Group	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
At cost	1,400	1,400
Less: accumulated depreciation	(300)	(291)
Net book value	<u>1,100</u>	<u>1,109</u>

## 12. Intangible assets

	Group		Company	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
Goodwill	1,016	1,016	–	–
Licenses	8,777	8,641	–	–
Trademarks	919	908	663	652
Customer relationship	740	740	–	–
	<u>11,452</u>	<u>11,305</u>	<u>663</u>	<u>652</u>
Less: accumulated depreciation	(10,281)	(10,129)	(616)	(613)
Net book value	<u>1,171</u>	<u>1,176</u>	<u>47</u>	<u>39</u>

## 13. Other intangible assets

	Group	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
At cost	8,737	8,737
Less: accumulated depreciation	(1,108)	(993)
Net book value	<u>7,629</u>	<u>7,744</u>

**14. Investment in a joint venture**

	<b>Group</b>	
	<b>As at 30 Jun</b>	<b>As at 31 Dec</b>
	<b>2021</b>	<b>2020</b>
	\$'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)	–
Share of post-acquisition results	1,270	787
	48,521	48,958
	48,521	48,958

**15. Investment in an associate**

	<b>Group</b>	
	<b>As at 30 Jun</b>	<b>As at 31 Dec</b>
	<b>2021</b>	<b>2020</b>
	\$'000	\$'000
Shares, at cost	5,625	5,625
Share of post-acquisition results	(550)	(452)
	5,075	5,173
	5,075	5,173

**16. Inventories**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 Jun</b>	<b>As at 31 Dec</b>	<b>As at 30 Jun</b>	<b>As at 31 Dec</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>
	\$'000	\$'000	\$'000	\$'000
<b>Statement of financial position:</b>				
Finished goods (at lower of cost and net realisable value)	97,767	102,335	22,636	27,952
Raw materials	117	167	–	–
Work-in-progress	48	125	–	–
Packaging materials	177	160	–	–
	98,109	102,787	22,636	27,952
Total inventories	98,109	102,787	22,636	27,952

## 17. Trade and other receivables

	Group		Company	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
<b>Financial assets</b>				
<b>Trade receivables</b>				
Third parties	7,567	4,906	427	726
Amounts due from subsidiaries	–	–	74,335	133,993
Less: Allowance for expected credit losses	(1,512)	(1,512)	(14,414)	(14,414)
	6,055	3,394	60,348	120,305
<b>Other receivables</b>				
Third parties	2,452	1,750	2,540	311
Refundable rental deposits	1,913	1,951	1,271	1,335
Amounts due from subsidiaries	–	–	11,690	14,663
Less: Allowance for expected credit losses	(383)	(383)	(10,059)	(10,059)
	3,985	3,318	5,442	6,250
Total trade and other receivables	10,040	6,712	65,790	126,555
Less: GST and VAT receivables	(2,217)	(2,134)	(402)	(708)
Total trade and other receivables at amortised cost	7,823	4,578	65,388	125,847

## 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 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
Cash at banks	393,521	334,032	231,591	175,104
Fixed deposits restricted in use	(1,000)	(1,000)	–	–
Cash pledged for bank facilities	(48)	(49)	–	–
Cash pledged for security deposits	(4,751)	(4,622)	–	–
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the financial year	387,722	328,361	231,591	175,104

## 19. Trade and other payables

	Group		Company	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
Trade payables				
- Third parties	2,426	4,552	2,159	3,966
Accrued operating expenses	82,691	90,033	50,530	54,712
	<u>85,117</u>	<u>94,585</u>	<u>52,689</u>	<u>58,678</u>
Other payables				
- Third parties	49,012	47,934	7,856	8,467
- Amount due to subsidiaries	–	–	–	1,874
	<u>49,012</u>	<u>47,934</u>	<u>7,856</u>	<u>10,341</u>
Total trade and other payables at amortised cost	<u>134,129</u>	<u>142,519</u>	<u>60,545</u>	<u>69,019</u>

## 20. Share capital

### (a) Share Capital

	Group and Company		Group and Company	
	Issued ordinary shares (excluding treasury shares)		Issued and fully paid up capital (excluding treasury shares)	
	No. of shares		\$'000	
	2021	2020	2021	2020
At 1 January, 31 March and 30 June	<u>544,100,114</u>	<u>544,100,114</u>	<u>10,027</u>	<u>10,027</u>

### (b) Treasury Shares

	Group and Company		Group and Company	
	No. of shares		\$'000	
	2021	2020	2021	2020
At 1 January, 31 March and 30 June	<u>10,291,900</u>	<u>10,291,900</u>	<u>10,591</u>	<u>10,591</u>

For the three months ended 30 June 2021 and 30 June 2020, the company did not purchase its ordinary shares to be held as treasury shares.

The total number of issued ordinary shares excluding treasury shares as at 30 June 2021 and 31 December 2020 was 544,100,114.



There were no outstanding convertibles as at 30 June 2021 and 30 June 2020.

The total number of treasury shares as at 30 June 2021 and 30 June 2020 was 10,291,900.

## 21. Dividend

No dividends have been declared/recommended by the Board for the financial period ended 30 June 2021 as the Board has opted to conserve cash in the face of the Group's current circumstances and uncertain business climate, taking into consideration short and medium commitments. The Board will review the Group's dividend policy at a more appropriate juncture.

## 22. Earnings per share

	GROUP					
	3 months ended 30.06.21	3 months ended 30.06.20	Change %	6 months ended 30.06.21	6 months ended 30.06.20	Change %
	Earnings per share of Group:					
(a) Based on weighted average number of ordinary shares on issue (cts); and	7.24	5.29	36.9	14.20	7.73	83.7
(b) On a fully diluted basis (cts)	7.24	5.29	36.9	14.20	7.73	83.7

For comparative purposes, the earnings per ordinary shares for the three months ended 30 June 2021 and 30 June 2020 are calculated based on the profit for the period of approximately \$39.4 million and \$28.8 million respectively. The earnings per ordinary shares for the 6 months ended 30 June 2021 and 30 June 2020 are calculated based on the profit for the period of approximately \$77.3 million and \$42.0 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the three months ended 30 June 2021 and 30 June 2020 is 544,100,114. The weighted average number of ordinary shares (excluding treasury shares) for the six months ended 30 June 2021 and 30 June 2020 is 544,100,114.

## 23. Net asset value per share

	GROUP		COMPANY	
	30.06.21	31.12.20	30.06.21	31.12.20
Net asset value per ordinary shares (cents)	78.69	63.73	66.25	60.83

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 30 June 2021 and 31 December 2010 was 544,100,114.

## 24. Borrowings and debt securities

The Group did not have bank borrowings and debt securities as at 30 June 2021 and 31 December 2020.

## 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 period:

	<b>Group</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>With companies related to directors of the Company</b>		
Sale of goods	–	7
Commission expenses	–	43
Consultancy fee expenses	–	41
<hr/>		
<b>With persons related to directors of the Company</b>		
Sale of goods	34	64
Commission expenses	201	111
Marketing fee	132	100
Travelling allowance	–	16
Consultancy fee expenses	38	12
<hr/>		

## 26. Subsequent event

### 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.

## 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 30 June 2021 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 half year period then ended 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

Profitable attributable to owners of the parent company increased from \$28.8 million in 2Q2020 to \$39.4 million in 2Q2021, mainly due to the following factors:

- a) The Group recorded a total **revenue** of \$150.0 million in 2Q2021, achieving an increase of 8.3% vis-à-vis the same period last year. This is mainly due to increase for the Group's Direct Selling and Franchise segments;
- b) **Cost of sales** decreased from \$36.0 million in 2Q2020 to \$29.6 million in 2Q2021 mainly attributable to decrease in freight and handling charges of goods as well as lower custom duties incurred by our China subsidiary for goods made in the United States due to the temporary preferential custom duty rates enjoyed by our China subsidiary since 3Q2020. As a result, **gross profit margin** increased to 80.3% in 2Q2021 when compared to the same period last year;
- c) **Interest income** increased from \$189,000 in 2Q2020 to \$1.1 million in 2Q2021 mainly due to interest derived from the placement of the Group's cash in dual currency deposits with banks offering higher interest rates in 2Q2021;
- d) **Other operating income** decreased from \$0.9 million 2Q2020 to \$0.4 million 2Q2021 mainly attributable to lower government grants recognised as income when compared to the same period last year;
- e) In line with the increase of revenue, **distribution costs** increased by 11.3% to \$40.8 million in 2Q2021 mainly attributable to higher marketing expenses from our Franchise segment and higher freelance commissions of the Direct Selling segment. As explained in the previous announcements, in accordance with the requirements of SFRS(I)15, the reclassification of consultancy fees paid relating to Franchise Segment to be net against revenue was effected in 4Q2020 (with comparative 4Q2019) results announcement, and such adjustment amounting to approximately \$6.3 million was not made to 2Q2020 results announcement previously.

- f) **Administrative expenses** increased from \$18.3 million in 2Q2020 to \$24.8 million in 2Q2021 mainly due to higher management and staff costs offsetting lower professional fees incurred during the period;
- g) **Finance costs** decreased from \$237,000 in 2Q2020 to \$119,000 in 2Q2021 mainly due to repayment of lease liability;
- h) **Net other gains** of \$0.9 million in 2Q2021 and \$3.9M in 1H2021 was mainly due to net foreign exchange gains from the revaluation of the Group's other financial assets and cash and cash equivalents denominated in United States Dollars and Chinese Yuan as well as Taiwan subsidiary's payables denominated in Singapore dollars;
- i) **Share of results of our joint venture** in the Group's United Kingdom ("UK") joint venture Pedal Pulses Limited was lower at \$0.1 million in 2Q2021 as compared \$0.4 million in 2Q2020 due to adjustments made in 2Q2021 mainly to record the share of 1H2021 amortisation expenses of intangible assets identified as part of the recently finalised purchase price allocation ("PPA") exercise;
- j) **Share of losses** in 2Q2021 for our associated company, Celligenics was \$49,000 when compared to \$67,000 in 2Q2020; and
- k) The Group maintained an **income tax expense** of \$17.7 million for 2Q2021 when compared to 2Q2020. A higher effective tax rate was recorded in 2Q2020 of 38.4% was mainly due to the effect of Group consolidation adjustment on unrealised profits on inventories held by our subsidiaries as at 30 June 2020.

### **Consolidated Statement of Financial Position**

**Total assets (Group)** increased by \$80.9 million from \$610.4 million as at 31 December 2020 to \$691.3 million as at 30 June 2021.

The increase was mainly due to:

- Increase in property, plant and equipment by \$14.2 million mainly attributable to progress in construction for our Tuas facility;
- Increase in other assets by \$10.5 million due to higher deposit made to suppliers;
- Increase in cash and cash equivalents of \$59.5 million due to reasons stated in the consolidated statement of cash flows section below; and
- Offsetting decline of \$4.7 million in inventory from \$102.8 million as at 31 December 2020 to \$98.1 million as at 30 June 2021 due to sufficient inventory buffer as at 30 June 2021.

**Total liabilities (Group)** decreased by \$0.5 million from \$266.2 million as at 31 December 2020 to \$265.7 million as at 30 June 2021.

The decrease of total liabilities was mainly due to:

- Decrease in trade and other payables of \$8.4 million due to decline in accruals for management and staff incentives;
- Decrease in lease liabilities of \$2.1 million due to payment of lease liabilities; and
- Decrease in income tax payable of \$8.1 million due to tax payment made during the period.

The above decline was offset by the increase in total other liabilities by \$2.6 million mainly attributable to the gala event in 2022, increase in deferred tax liabilities of \$4.4 million as at 30 June 2021 due to withholding tax for dividend from our profitable subsidiaries, as well as increase in contract liabilities of \$11.1 million as at 30 June 2021 due to higher deposits received from customers.

### **Consolidated Statement of Cash Flows**

In 2Q2021, **net cash flows from operating activities** of \$48.3 million as at 30 June 2021 was mainly attributable to the Group's net profit before tax of \$57.2 million as well as cash inflow from changes in working capital, offsetting income tax paid during the period.

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

**Net cash flow used in financing activities** was mainly for the settlement of lease liabilities paid in 2Q2021.

As at 30 June 2021, the Group maintained approximately \$393.5 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 10 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.**

In line with our previous announcements, not only are all the markets that the Group is operating not showing any signs of return to normalcy from the COVID-19 pandemic despite the rollout of COVID-19 vaccine, on the contrary, markets that were seemingly well controlled previously are also affected by the pandemic in the previous quarter. The lockdowns, lifestyle restrictions, travel bans etc, in relation to these secondary infections have and will continue to negatively impact consumer sentiments. On top of this, orders from our contract manufacturers and vendors are also delayed, in some cases, indefinitely due to factory closure as a result of lockdowns. All these present strong headwinds to the Group's plan to maintain business growth in the next reporting period and beyond. As a result, barring any unforeseen circumstances, management maintains a very cautious outlook in terms of its performance moving forward.

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

- Continued US-China tensions, sweeping crackdowns in unrelated sectors, drastic policy changes and on-off lockdowns due to COVID-19 cases etc, are just a few of the many uncertainties faced in our largest market of China. Sudden changes in policy and/or regulation may possibly have wide-ranging implications and cast long lasting impact for the Group's operations in China, which include our lowered top line and gross margin and delayed product licences renewal etc;
- As the global supply chain disarray caused by, amongst other reasons, port congestion, reduced flights and container shortage, is expected to last until the end of the year, management is anticipating delays for incoming shipments. This, exacerbated by

manufacturing disruptions due to closure of affected factories from lockdowns, will result in loss of revenue due to inventory shortages, directly affecting the bottom line of the Group;

- Should inbound plans by German engineers to conduct Site Acceptance Testing (SAT) of the machines in relation to the Group's Tuas manufacturing facility be subject to any delays as a result of recent surge in COVID-19 cases, such delays will inevitably translate into higher costs to the Group and possible delayed commissioning of the factory.
- On top of professional fees incurred in relation to works performed towards the lifting of trade suspension, the Group, from time to time, engages professionals for services which include but are not limited to, identify and assess M&A and corporate development opportunities and ensure the Group's operations adhere to all relevant local regulations in the jurisdictions it operates in, etc.
- Both HQ and certain subsidiaries of the Group, are actively hiring more talents in anticipation of the completion of the Tuas facility and also to cater for talent needs to meet the strategic objectives of the Group. As such, higher administrative expenses are expected moving forward. Management also anticipates expenses in relation to the construction of the Group's Tuas manufacturing facilities, the relocation/refurbishment of certain Regional Centres and renovation of a certain new Regional Centre; and
- Fluctuations of currencies in key markets which the Group operates in against the Singapore Dollar, may affect the Group's performance either positively or negatively. Meanwhile, management actively undertakes measures to mitigate such potential risks.

Other ongoing factors that may affect the Group's performance include timeline for product license registration and renewal in key markets, natural disasters, unanticipated regulatory changes in key markets we operate in 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 six months ended 30 June 2021	
	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 <sup>(1)</sup>		
- Sales	12	NA
- Freelance commission paid	96	NA
- Marketing fee paid	126	NA
Tan Geok Fong Felicia <sup>(2)</sup>		
- Sales	6	NA
- Freelance commission paid	27	NA
- Marketing fee paid	73	NA

Note (1): Daughter of Doreen Tan Nee Moi

Note (2): Sister 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 six months ended 30 June 2021 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

17 September 2021