



# **BEST WORLD INTERNATIONAL LTD**

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

## **Unaudited Condensed Interim Financial Statements For The 9 Months Ended 30 September 2021**

**BEST WORLD INTERNATIONAL LIMITED**  
**Unaudited Condensed Interim Financial Statements**  
**For The Nine Months Ended 30 September 2021**

**TABLE OF CONTENTS**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME	2
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	4
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	5
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	6
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS	8
OTHER INFORMATION	26

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

(Amounts expressed in Singapore dollars)

		Group			Group		
		3 months	3 months	Change	9 months	9 months	Change
	Note	Ended	Ended		Ended	Ended	
		30.09.21	30.09.20	%	30.09.21	30.09.20	%
		\$'000	\$'000		\$'000	\$'000	
Revenue	4	117,487	131,325	(10.5)	395,926	344,375	15.0
Cost of sales		(29,315)	(29,759)	(1.5)	(87,915)	(88,290)	(0.4)
Gross profit		88,172	101,566	(13.2)	308,011	256,085	20.3
<u>Other items of income</u>							
Interest income		1,647	267	516.9	3,262	962	239.1
Other operating income	6	569	902	(36.9)	1,301	1,824	(28.7)
<u>Other Items of Expense</u>							
Distribution costs	8	(33,841)	(45,269)	(25.2)	(105,406)	(103,006)	2.3
Administrative expenses	8	(23,451)	(14,421)	62.6	(71,248)	(48,697)	46.3
Finance costs		(101)	(88)	14.8	(296)	(451)	(34.4)
Other gains, net	7	2,069	1,048	97.4	5,998	4,077	47.1
Share of results of a joint venture		163	218	(25.2)	646	650	(0.6)
Share of results of an associate		(68)	(65)	4.6	(166)	(186)	(10.8)
<b>Profit before tax</b>		35,159	44,158	(20.4)	142,102	111,258	27.7
Income tax expense	9	(9,944)	(16,258)	(38.8)	(39,629)	(41,387)	(4.2)
<b>Profit for the period</b>		25,215	27,900	(9.6)	102,473	69,871	46.7
<b>Profit attributable to:</b>							
- Owners of the parent company		25,101	28,230	(11.1)	102,370	70,276	45.7
- Non-controlling interests		114	(330)	NM	103	(405)	NM
<b>Profit for the period</b>		25,215	27,900	(9.6)	102,473	69,871	46.7
<b>Additional notes:</b>							
Gross profit margin		75.0%	77.3%		77.8%	74.4%	
Net profit margin		21.4%	21.5%		25.9%	20.4%	
Earnings per share (cents)	22	4.61	5.19		18.81	12.92	

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

---

**Statement of Comprehensive Income for the nine months ended 30 September 2021:**

	Group			Group		
	3 months	3 months		9 months	9 months	
	Ended	Ended	Change	Ended	Ended	Change
	30.09.21	30.09.20	%	30.09.21	30.09.20	%
	\$'000	\$'000		\$'000	\$'000	
<b>Profit for the period, net of tax</b>	25,112	27,900	(10.0)	102,370	69,871	46.5
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	1,697	3,829	(55.7)	5,886	4,649	26.6
<b>Other comprehensive income for the period, net of tax</b>	1,697	3,829	(55.7)	5,886	4,649	26.6
<b>Total comprehensive income for the period</b>	<u>26,809</u>	<u>31,729</u>	(15.5)	<u>108,256</u>	<u>74,520</u>	45.3
Attributable to:						
<b>Owners of the parent company</b>	<b>26,798</b>	<b>31,942</b>	(16.1)	<b>108,179</b>	<b>74,958</b>	44.3
Non-controlling interests	11	(213)	NM	77	(438)	NM
<b>Total comprehensive income for the period</b>	<u>26,809</u>	<u>31,729</u>	(15.5)	<u>108,256</u>	<u>74,520</u>	45.3

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

(Amounts expressed in Singapore dollars)

	Note	Group		Company	
		30.09.21	31.12.20	30.09.21	31.12.20
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	55,084	31,518	2,650	3,306
Investment property	11	1,095	1,109	-	-
Intangible assets	12	1,151	1,176	46	39
Other intangible assets	13	7,571	7,744	-	-
Right-of-use assets		8,647	10,749	2,877	4,033
Investment in subsidiaries		-	-	102,248	73,478
Investment in a joint venture	14	48,684	48,958	-	-
Investment in an associate	15	5,009	5,173	-	-
Deferred tax assets		24,645	27,138	-	-
Other financial assets		5,627	5,376	542	791
<b>Total non-current assets</b>		<b>157,513</b>	<b>138,941</b>	<b>108,363</b>	<b>81,647</b>
<b>Current assets</b>					
Inventories	16	94,886	102,787	24,340	27,952
Trade and other receivables	17	9,276	6,712	32,976	126,555
Other assets		32,690	15,282	11,069	8,790
Other financial assets		14,642	12,634	14,642	12,634
Cash and cash equivalents	18	386,675	334,032	251,296	175,104
<b>Total current assets</b>		<b>538,169</b>	<b>471,447</b>	<b>334,323</b>	<b>351,035</b>
<b>Total assets</b>		<b>695,682</b>	<b>610,388</b>	<b>442,686</b>	<b>432,682</b>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Income tax payable		24,866	39,475	13,606	21,984
Trade and other payables	19	118,626	142,519	53,565	69,019
Contract liabilities		10,693	7,506	-	-
Other financial liabilities		-	800	-	800
Lease liabilities		3,987	3,731	1,421	1,389
Other liabilities		33,483	1,586	1,082	1,239
<b>Total current liabilities</b>		<b>191,655</b>	<b>195,617</b>	<b>69,674</b>	<b>94,431</b>
<b>Net current assets</b>		<b>346,514</b>	<b>275,830</b>	<b>264,649</b>	<b>256,604</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		13,604	8,298	4,899	4,899
Other financial liabilities		33,661	32,798	-	-
Other liabilities		-	23,126	-	-
Lease liabilities	10	4,319	6,362	1,317	2,388
<b>Total non-current liabilities</b>		<b>51,584</b>	<b>70,584</b>	<b>6,216</b>	<b>7,287</b>
<b>Total liabilities</b>		<b>243,239</b>	<b>266,201</b>	<b>75,890</b>	<b>101,718</b>
<b>Net assets</b>		<b>452,443</b>	<b>344,187</b>	<b>366,796</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		414,369	314,810	356,447	320,615
Other reserves		30,543	21,923	322	322
		454,939	346,760	366,796	330,964
Non-controlling interests		(2,496)	(2,573)	-	-
<b>Total equity</b>		<b>452,443</b>	<b>344,187</b>	<b>366,796</b>	<b>330,964</b>
<b>Total equity and liabilities</b>		<b>695,682</b>	<b>610,388</b>	<b>442,686</b>	<b>432,682</b>

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

(Amounts expressed in Singapore dollars)

	Group		Group	
	3 Months Ended 30.09.21 \$'000	3 Months Ended 30.09.20 \$'000	9 Months Ended 30.09.21 \$'000	9 Months Ended 30.09.20 \$'000
<b>Cash flows from operating activities:</b>				
Profit before tax	35,159	44,158	142,102	111,258
Interest income	(1,647)	(267)	(3,262)	(962)
Interest expenses	101	88	296	451
Depreciation of property, plant and equipment	468	565	1,681	1,337
Depreciation of right-of-use assets	893	723	3,071	3,009
Depreciation of an investment property	5	5	14	14
Amortisation of intangible assets	84	81	217	253
Gain on disposal of property, plant and equipment	-	-	(21)	-
Expected credit loss on trade and other receivables	5	-	2	-
Fair value (losses) gains on foreign exchange derivatives	-	380	(800)	(77)
Fair value (losses) gains on other financial assets	18	(187)	18	(361)
Fair value change in call option	-	-	(500)	-
Fair value change in put option	-	-	863	-
Inventories written back	(604)	(19)	(7)	-
Share of results of a joint venture	(163)	(218)	(646)	(650)
Share of results of an associate	68	65	166	186
Unrealised exchange losses	1,375	3,746	3,655	4,169
<b>Operating cash flows before changes in working capital</b>	<u>35,762</u>	<u>49,120</u>	<u>146,849</u>	<u>118,627</u>
Inventories	3,827	(17,099)	7,908	(13,446)
Trade and other receivables	323	4,693	(3,021)	(74)
Other assets	(6,929)	5,216	(17,405)	(1,068)
Trade and other payables and other liabilities	(9,098)	14,809	(13,910)	(22,977)
Contract liabilities	(7,939)	8,553	3,187	19,311
<b>Cash flows from operations</b>	<u>15,946</u>	<u>65,292</u>	<u>123,608</u>	<u>100,373</u>
Income tax paid	(14,279)	(22,196)	(46,947)	(38,115)
<b>Net cash flows from operating activities</b>	<u>1,667</u>	<u>43,096</u>	<u>76,661</u>	<u>62,258</u>
<b>Cash flows from investing activities:</b>				
Acquisition of a joint venture	-	-	-	(24,762)
Purchase of property, plant and equipment	(10,175)	(3,241)	(25,539)	(6,465)
Proceeds from disposal of property, plant and equipment	7	-	33	-
Purchase of intangible assets	-	(9)	(26)	(29)
Purchase of other financial assets	(10)	-	(1,361)	-
Proceeds from disposal of other financial assets	-	(262)	-	-
Dividend received from a joint venture	-	252	920	252
Interest received	1,647	267	3,262	962
<b>Net cash flows used in investing activities</b>	<u>(8,531)</u>	<u>(2,993)</u>	<u>(22,711)</u>	<u>(30,042)</u>
<b>Cash flows from financing activities:</b>				
Dividends paid on ordinary shares	-	(27,205)	-	(27,205)
Payment of lease liabilities	(636)	(1,667)	(2,837)	(3,843)
Increase in cash restricted in use	(59)	(67)	(187)	(167)
<b>Net cash flows used in financing activities</b>	<u>(695)</u>	<u>(28,939)</u>	<u>(3,024)</u>	<u>(31,215)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	(7,559)	11,164	50,926	1,001
<b>Effects of exchange rate changes on cash and cash equivalents</b>	654	(4)	1,530	1,075
<b>Cash and cash equivalents, statement of cash flows, beginning balance</b>	<u>387,722</u>	<u>226,332</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>380,817</u>	<u>237,492</u>	<u>380,817</u>	<u>237,492</u>
<b>Note A :</b>				
	Group	Group	Group	Group
	3 Months Ended 30.09.21 \$'000	3 Months Ended 30.09.20 \$'000	9 Months Ended 30.09.21 \$'000	9 Months Ended 30.09.20 \$'000
Cash and bank balances	386,675	243,314	386,675	243,314
Less: Cash pledged and cash restricted in use	(5,858)	(5,822)	(5,858)	(5,822)
<b>Cash and cash equivalents in the consolidated cash flow statement</b>	<u>380,817</u>	<u>237,492</u>	<u>380,817</u>	<u>237,492</u>

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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>	425,634	428,141	20,618	(10,591)	392,079	4,216	22,606	322	(1,109)	(2,507)
<b><u>Movements in equity</u></b>										
Total comprehensive income for the period	26,809	26,798	-	-	25,101	1,697	-	-	-	11
Transfer to statutory reserve	-	-	-	-	(2,811)	-	2,811	-	-	-
<b>Balance at 30 September 2021</b>	<u>452,443</u>	<u>454,939</u>	<u>20,618</u>	<u>(10,591)</u>	<u>414,369</u>	<u>5,913</u>	<u>25,417</u>	<u>322</u>	<u>(1,109)</u>	<u>(2,496)</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>	279,449	281,597	20,618	(10,591)	265,323	895	6,139	322	(1,109)	(2,148)
<b><u>Movements in equity</u></b>										
Total comprehensive income (expense) for the period	31,729	31,942	-	-	28,230	3,712	-	-	-	(213)
Dividends	(27,205)	(27,205)	-	-	(27,205)	-	-	-	-	-
<b>Balance at 30 September 2020</b>	<u>283,973</u>	<u>286,334</u>	<u>20,618</u>	<u>(10,591)</u>	<u>266,348</u>	<u>4,607</u>	<u>6,139</u>	<u>322</u>	<u>(1,109)</u>	<u>(2,361)</u>

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

(Amounts expressed in Singapore dollars)

Company	Attributable to owners of the parent company				
	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Share-based compensation reserves \$'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>	360,487	20,618	(10,591)	350,138	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	6,309	-	-	6,309	-
<b>Balance as at 30 September 2021</b>	<u>366,796</u>	<u>20,618</u>	<u>(10,591)</u>	<u>356,447</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>	254,919	20,618	(10,591)	244,570	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	58,963	-	-	58,963	-
Dividend	(27,205)	-	-	(27,205)	-
<b>Balance as at 30 September 2020</b>	<u>286,677</u>	<u>20,618</u>	<u>(10,591)</u>	<u>276,328</u>	<u>322</u>



## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

---

### 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 3Q2021 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 nine months ended 30 September 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	189,668	205,453	805	-	395,926
Recurring EBITDA	62,772	84,161	(1,554)	(1,741)	143,638
Interest income	929	2,261	72	-	3,262
Interest expense	(153)	(101)	-	(41)	(295)
Depreciation	(2,408)	(2,167)	(55)	(136)	(4,766)
Amortisation	(10)	(3)	(31)	(173)	(217)
Share of results of a joint venture	-	-	-	(166)	(166)
Share of results of an associate	-	-	-	646	646
Profit (Loss) before tax from continuing operations	61,130	84,151	(1,568)	(1,611)	142,102
Income tax expense					(39,629)
<b>Profit from continuing operations</b>					<b>102,473</b>
<u>Other segment items</u>					
Additions to property, plant and equipment	701	203	7	24,628	25,539
Additions to intangible assets	20	6	-	-	26
<u>Assets and liabilities</u>					
Total assets for reportable segments	238,367	241,800	10,228	58,907	549,302
Unallocated:					
Investment in an associate	-	-	-	5,009	5,009
Investment in a joint venture	-	-	-	48,684	48,684
Deferred tax assets	-	-	-	24,645	24,645
Other intangible assets	-	-	-	7,571	7,571
Investment property	-	-	-	1,095	1,095
Other financial assets	-	-	-	20,269	20,269
Other assets	-	-	-	32,690	32,690
Other unallocated amounts	-	-	-	6,417	6,417
<b>Total group assets</b>	<b>238,367</b>	<b>241,800</b>	<b>10,228</b>	<b>205,287</b>	<b>695,682</b>
Total liabilities for reportable segments	(69,659)	(94,585)	(299)	(6,564)	(171,107)
Unallocated					
Other financial liabilities	-	-	-	(33,661)	(33,661)
Deferred tax liabilities	-	-	-	(13,605)	(13,605)
Income tax payable	-	-	-	(24,866)	(24,866)
<b>Total group liabilities</b>	<b>(69,659)</b>	<b>(94,585)</b>	<b>(299)</b>	<b>(78,696)</b>	<b>(243,239)</b>

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

### 4.1 Reportable segments (Cont'd)

#### Business Segments

For the nine months ended 30 September 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	171,009	172,047	1,319	-	344,375
Recurring EBITDA	55,787	61,580	(1,766)	(705)	114,896
Interest income	177	671	114	-	962
Interest expense	(159)	(245)	(47)	-	(451)
Depreciation	(2,145)	(2,034)	(65)	(116)	(4,360)
Amortisation	(10)	(3)	(67)	(173)	(253)
Share of results of a joint venture	-	-	-	(186)	(186)
Share of results of an associate	-	-	-	650	650
Profit (Loss) before tax from continuing operations	53,650	59,969	(1,831)	(530)	111,258
Income tax expense					(41,387)
<b>Profit from continuing operations</b>					<b>69,871</b>
<u>Other segment items</u>					
Additions to property, plant and equipment	316	430	2	15,292	16,040
Additions to intangible assets	18	11	-	-	29
<u>Assets and liabilities</u>					
Total assets for reportable segments	142,739	237,098	8,007	25,371	413,215
Unallocated:					
Investment in an associate	-	-	-	5,228	5,228
Investment in a joint venture	-	-	-	25,412	25,412
Deferred tax assets	-	-	-	19,070	19,070
Other intangible assets	-	-	-	7,802	7,802
Investment property	-	-	-	1,113	1,113
Other financial assets	-	-	-	13,715	13,715
Other assets	-	-	-	21,311	21,311
Other unallocated amounts	-	-	-	3,128	3,128
<b>Total group assets</b>	<b>142,739</b>	<b>237,098</b>	<b>8,007</b>	<b>122,150</b>	<b>509,994</b>
Total liabilities for reportable segments	(71,460)	(100,879)	(514)	(5,223)	(178,076)
Unallocated:					
Other financial liabilities	-	-	-	(741)	(741)
Deferred tax liabilities	-	-	-	(1,542)	(1,542)
Deferred grant income	-	-	-	(481)	(481)
Income tax payable	-	-	-	(37,383)	(37,383)
<b>Total group liabilities</b>	<b>(71,460)</b>	<b>(100,879)</b>	<b>(514)</b>	<b>(45,370)</b>	<b>(218,223)</b>

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

##### 4.2 Disaggregation of revenue

	<b>Group</b>	
	<b>For the nine months ended</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Primary geographical markets</b>		
Singapore	29,014	17,596
People's Republic of China	206,160	173,251
Taiwan	101,740	101,201
Malaysia	26,886	31,699
Others	32,126	20,628
	<hr/>	<hr/>
Total revenue	395,926	344,375
	<hr/>	<hr/>

	<b>Group</b>	
	<b>For the nine months ended</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Major operating segments</b>		
Direct selling	189,668	171,009
Franchise	205,453	172,047
Others	805	1,319
	<hr/>	<hr/>
Total revenue	395,926	344,375
	<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:

	<b>Group</b>		<b>Company</b>	
	<b>30-Sep-21</b>	<b>31-Dec-20</b>	<b>30-Sep-21</b>	<b>31-Dec-20</b>
	\$'000	\$'000	\$'000	\$'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	542	791	542	791
<b>Total financial assets (non-current)</b>	<b>5,627</b>	<b>5,376</b>	<b>542</b>	<b>791</b>
<b>Current:</b>				
<u>Financial assets at fair value through profit or loss</u>				
Other financial assets	14,370	12,634	14,370	12,634
<u>Financial assets at amortised cost</u>				
Cash and bank balances	386,675	334,032	251,296	175,104
Other financial assets	272	-	272	-
Trade and other receivables	9,276	4,578	32,706	125,847
Total financial assets at amortised cost (current)	396,223	338,610	284,274	300,951
<b>Total financial assets (current)</b>	<b>410,593</b>	<b>351,244</b>	<b>298,644</b>	<b>313,585</b>
<b>Total financial assets</b>	<b>416,220</b>	<b>356,620</b>	<b>299,186</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	4,319	6,362	1,317	2,388
Total financial liabilities (non-current)	37,980	39,160	1,317	2,388
<b>Current:</b>				
<u>Financial liabilities at amortised cost</u>				
Trade and other payables	115,339	142,519	53,565	69,019
Other financial liabilities	-	800	-	800
Lease liabilities	3,987	3,731	1,421	1,389
Total financial liabilities at amortised cost (Current)	119,326	147,050	54,986	71,208
<b>Total financial liabilities</b>	<b>157,306</b>	<b>186,210</b>	<b>56,303</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 Sep 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	14,370	-	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>
At 1 January 2020	–	–	–
Additions	6,185	(29,594)	(23,409)
Net fair value change in profit or loss	(1,600)	(3,204)	(4,804)
At 31 December 2020	4,585	(32,798)	(28,213)
Net fair value change in profit or loss	500	(863)	(363)
At 30 September 2021	5,085	(33,661)	(28,566)

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</b>			
	<b>As at 30 September 2021</b>			
	\$'000			
	<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	1,095
Other financial assets				
- Financial instruments at amortised cost	665	–	665	814

	<b>Group</b>			
	<b>As at 31 December 2020</b>			
	\$'000			
	<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 nine months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Rental income	86	65
Government grants	857	1,545
Miscellaneous income	358	214
	<hr/>	<hr/>
	1,301	1,824
	<hr/>	<hr/>

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

	<b>Group</b>	
	<b>For the nine months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Fair value (loss) gains on other financial assets	(18)	361
Fair value gains on foreign exchange derivatives	800	77
Fair value change in call option	500	–
Fair value change in put option	(863)	–
Inventories written-down (written-back)	7	(136)
Expected credit loss on trade and other receivables, net	(2)	(99)
Foreign exchange gains, net	5,553	3,874
Gain on disposal of property, plant and equipment	21	–
	<hr/>	<hr/>
	5,998	4,077
	<hr/>	<hr/>

**8. Profit before income tax**

**Group**  
**For the nine months ended**  
**30 September**

	<b>2021</b>	<b>2020</b>
	\$'000	\$'000
<u>Included in distribution costs</u>		
Convention expenses	7,010	7,189
Commission expenses	65,075	58,253
Franchise sales related expenses	11,587	24,137
<u>Included in administrative expenses</u>		
Employee benefit expenses	55,847	37,434
Amortisation of intangible assets	44	80
Amortisation of other intangible asset	173	173
Depreciation of right-of-use assets	3,071	3,009
Depreciation of property, plant and equipment	1,681	1,337
Depreciation of investment property	14	14

**9. Income tax expense**

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

**Group**  
**For the nine months ended**  
**30 September**

	<b>2021</b>	<b>2020</b>
	\$'000	\$'000
<b>Consolidated statement of profit or loss:</b>		
Current income tax:		
- Current income taxation	32,512	47,316
- Under provision in respect of previous years	(751)	–
- Withholding tax	5,306	7,913
	37,067	55,229
Deferred expenses (income) tax:		
- Origination and reversal of temporary differences	2,562	(13,842)
Income tax expense recognised in profit or loss	39,629	41,387

## 10. Property, plant and equipment

During the nine months ended 30 September 2021, the Group acquired assets amounting to \$25,539,000 (30 September 2020: \$6,465,000) and disposed of assets amounting to \$12,000 (30 September 2020: \$Nil).

## 11. Investment property

	Group	
	As at 30 Sep 2021 \$'000	As at 31 Dec 2020 \$'000
At cost	1,400	1,400
Less: accumulated amortisation	(305)	(291)
Net book value	<u>1,095</u>	<u>1,109</u>

## 12. Intangible assets

	Group		Company	
	As at 30 Sep 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Sep 2021 \$'000	As at 31 Dec 2020 \$'000
Goodwill	1,016	1,016	–	–
Licenses	8,831	8,641	–	–
Trademarks	919	908	663	652
Customer relationship	740	740	–	–
	<u>11,506</u>	<u>11,305</u>	<u>663</u>	<u>652</u>
Less: accumulated amortisation	(10,355)	(10,129)	(617)	(613)
Net book value	<u>1,151</u>	<u>1,176</u>	<u>46</u>	<u>39</u>

## 13. Other intangible assets

	Group	
	As at 30 Sep 2021 \$'000	As at 31 Dec 2020 \$'000
At cost	8,737	8,737
Less: accumulated amortisation	(1,166)	(993)
Net book value	<u>7,571</u>	<u>7,744</u>

**14. Investment in a joint venture**

	<b>Group</b>	
	<b>As at 30 Sep</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	1,433	787
	48,684	48,958
	48,684	48,958

**15. Investment in an associate**

	<b>Group</b>	
	<b>As at 30 Sep</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	(616)	(452)
	5,009	5,173
	5,009	5,173

**16. Inventories**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 Sep 2021</b>	<b>As at 31 Dec 2020</b>	<b>As at 30 Sep 2020</b>	<b>As at 31 Dec 2020</b>
	\$'000	\$'000	\$'000	\$'000
<b><i>Statement of financial position:</i></b>				
Finished goods (at lower of cost and net realisable value)	94,510	102,335	24,340	27,952
Raw materials	122	167	–	–
Work-in-progress	104	125	–	–
Packaging materials	150	160	–	–
	94,886	102,787	24,340	27,952
Total inventories	94,886	102,787	24,340	27,952

## 17. Trade and other receivables

	Group		Company	
	As at 30 Sep 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Sep 2021 \$'000	As at 31 Dec 2020 \$'000
<b>Financial assets</b>				
<b>Trade receivables</b>				
Third parties	5,069	4,906	287	726
Amounts due from subsidiaries	–	–	40,928	133,993
Less: Allowance for expected credit losses	(1,517)	(1,512)	(14,414)	(14,414)
	3,552	3,394	26,801	120,305
<b>Other receivables</b>				
Third parties	4,205	1,750	2,811	311
Refundable rental deposits	1,899	1,951	1,271	1,335
Amounts due from subsidiaries	–	–	12,152	14,663
Less: Allowance for expected credit losses	(380)	(383)	(10,059)	(10,059)
	5,724	3,318	6,175	6,250
Total trade and other receivables	9,276	6,712	32,976	126,555
Less: GST and VAT receivables	–	(2,134)	(270)	(708)
Total trade and other receivables at amortised cost	9,276	4,578	32,706	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 Sep 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Sep 2021 \$'000	As at 31 Dec 2020 \$'000
Cash at banks	386,675	334,032	251,296	175,104
Fixed deposits restricted in use	(1,000)	(1,000)	–	–
Cash pledged for bank facilities	(48)	(49)	–	–
Cash pledged for security deposits	(4,810)	(4,622)	–	–
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the financial year	380,817	328,361	251,296	175,104

## 19. Trade and other payables

	Group		Company	
	As at 30 Sep 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Sep 2021 \$'000	As at 31 Dec 2020 \$'000
Trade payables				
- Third parties	2,569	4,552	2,451	3,966
Accrued operating expenses	68,450	90,033	43,028	54,712
	<u>71,019</u>	<u>94,585</u>	<u>45,479</u>	<u>58,678</u>
Other payables				
- Third parties	47,607	47,934	8,086	8,467
- Amount due to subsidiaries	–	–	–	1,874
	<u>47,607</u>	<u>47,934</u>	<u>8,086</u>	<u>10,341</u>
Total trade and other payables	118,626	142,519	53,565	69,019
Less: GST and VAT payables	(3,287)	–	–	–
Total trade and other payables at amortised cost	<u>115,339</u>	<u>142,519</u>	<u>53,565</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, 30 June and 30 September	<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, 30 June and 30 September	<u>10,291,900</u>	<u>10,291,900</u>	<u>10,591</u>	<u>10,591</u>



For the three months ended 30 September 2021 and 30 September 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 September 2021 and 31 December 2020 was 544,100,114.

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

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

## 21. Dividend

No dividends have been declared/recommended by the Board for the financial period ended 30 September 2021, 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	3 months ended	Change %	9 months ended	9 months ended	Change %
	30.09.21	30.09.20		30.09.21	30.09.20	
Earnings per share of Group:						
(a) Based on weighted average number of ordinary shares on issue (cts); and	4.61	5.19	(11.2)	18.81	12.92	45.6
(b) On a fully diluted basis (cts)	4.61	5.19	(11.2)	18.81	12.92	45.6

For comparative purposes, the earnings per ordinary shares for the three months ended 30 September 2021 and 30 September 2020 are calculated based on the profit for the period of approximately \$25.1 million and \$28.2 million respectively. The earnings per ordinary shares for the 9 months ended 30 September 2021 and 30 September 2020 are calculated based on the profit for the period of approximately \$102.4 million and \$70.3 million respectively.

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

**23. Net asset value per share**

	GROUP		COMPANY	
	30.09.21	31.12.20	30.09.21	31.12.20
Net asset value per ordinary shares (cents)	83.61	63.73	67.41	60.83

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 30 September 2021 and 31 December 2020 was 544,100,114.

**24. Borrowings and debt securities**

The Group did not have bank borrowings and debt securities as at 30 September 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 nine months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	\$'000	\$'000
<b>With companies related to directors of the Company</b>		
Sale of goods	–	7
Commission expenses	–	43
Consultancy fee expenses	–	41
Catering expenses	–	4
<hr/>		
<b>With persons related to directors of the Company</b>		
Sale of goods	49	85
Commission expenses	326	204
Marketing fee	194	156
Travelling allowance	–	16
Consultancy fee expenses	59	14
<hr/>		
<b>With directors of the Company</b>		
Sale of books	15	–
<hr/>		

**26. Subsequent event**

There is no 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 30 September 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

The Group's profit attributable to owners of the parent company decreased to \$25.1 million in 3Q2021 and increased to \$102.4 million for the nine months ended 30 September 2021, mainly due to the following factors:

- a) The Group recorded a 10.5% decrease in **revenue** for 3Q2021 vis-à-vis the same period last year, mainly due to the revenue decline for the Direct Selling segment and the reclassification of consultancy fees paid relating to the Franchise Segment as required by SFRS(I)15 which was effected in 4Q2020 and such adjustment amounting to approximately \$5.9 million was not included in 3Q2020. Assuming adjusted, Group's revenue in 3Q2020 would be lower at \$125.4 million. Despite the 10.5% decline for 3Q2021, the Group registered a 15.0% increase in revenue for the nine months ended 30 September 2021 due to a strong 1H2021 sales performance;
- b) **Cost of sales** maintained at \$29.3 million in 3Q2021. Despite the increase of revenue for the nine months ended 30 September 2021, cost of sales declined marginally by 0.4% due to the temporary preferential custom duty rates enjoyed by our China subsidiary since 3Q2020;
- c) For comparative purposes, after adjustment for the above reclassification of consultancy fees paid relating to the Franchise Segment, **gross profit margin** for 3Q2020 would be lower at 76.3%, vis-à-vis 75.0% for 3Q2021;
- d) Increase in **interest income** from \$0.3 million in 3Q2020 to \$1.6 million in 3Q2021 was mainly due to interest derived from the placement of the Group's cash in dual currency deposits with banks offering higher interest rates in 3Q2021;
- e) **Other operating income** decreased to \$0.6 million in 3Q2021 from \$0.9 million in 3Q2020 was mainly attributable to lower government grants received by Hunan subsidiary in 3Q2021;

- f) In line with the decline in revenue from the Direct Selling segment in 3Q2021, **distribution costs** which comprise mainly of freelance commissions decreased to \$33.8 million. In addition, the rate of decrease for distribution costs in 3Q2021 vis-à-vis 3Q2020 (which comprised consultancy fees) is higher when compared to the decline of revenue in the same period last year due to the reclassification of consultancy fees paid mentioned above;
- g) **Administrative expenses** increased from \$14.4 million in 3Q2020 to \$23.5 million in 3Q2021 due to higher management and staff costs as well as higher professional fees;
- h) **Finance costs** increased from \$88,000 in 3Q2020 to \$101,000 in 3Q2021 due to increase in lease interest from HQ;
- i) **Net other gains** of \$2.1 million in 3Q2021 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 stronger New Taiwan Dollar against Singapore Dollar;
- j) Due to the impact of Covid-19 in the United Kingdom ("UK") and the adjustments for amortisation expenses of intangible assets identified during the recently completed purchase price allocation exercise, **share of results of our joint venture** in the Group's UK joint venture Pedal Pulses Limited declined to \$0.2 million in 3Q2021 when compared to period last year;
- k) **Share of losses** in 3Q2021 for our associated company, Celligenics, remained relatively the same at \$68,000 when compared to the same period last year; and
- l) The Group recorded a lower **income tax expense** of \$9.9 million in 3Q2021 when compared to \$16.3 million in 3Q2020. A higher effective tax rate was recorded in 3Q2020 of 36.8% was mainly due as a result of certain profitable subsidiaries which are subjected to higher corporate tax rates.

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

**Total assets (Group)** increased by \$85.3 million from \$610.4 million as at 31 December 2020 to \$695.7 million as at 30 September 2021.

The increase was mainly due to:

- Increase in property, plant and equipment by \$23.6 million mainly attributable to progress in construction for our Tuas facility;
- Increase in other assets by \$17.4 million due to higher deposit made to our third-party suppliers, purchase of equipment for our Tuas facility as well as prepaid withholding taxes in relation to dividends repatriation by our Taiwan subsidiary; and
- Increase in cash and cash equivalents of \$52.6 million due to reasons stated in the consolidated statement of cash flows section below.

The above increase is offset by the decline of \$7.9 million in inventory from \$102.8 million as at 31 December 2020 to \$94.9 million as at 30 September 2021 due to sufficient inventory buffer as at 30 September 2021.

**Total liabilities (Group)** decreased by \$23.0 million from \$266.2 million as at 31 December 2020 to \$243.2 million as at 30 September 2021.

The decrease of total liabilities was mainly due to:

- Decrease in trade and other payables of \$23.9 million due to payments made in relation to management and staff incentives and lower sales related expenses from Franchise segment;
- Decrease in lease liabilities of \$1.8 million due to payment of lease liabilities; and
- Decrease in income tax payable of \$14.6 million due to tax payments made during the period.

The above decline was offset by the increase in total other liabilities by \$8.8 million mainly attributable to the gala event in 2022, increase in deferred tax liabilities of \$5.3 million as at 30 September 2021 due to withholding tax for dividend from our profitable subsidiaries, as well as increase in contract liabilities of \$3.2 million as at 30 September 2021 due to higher deposits received from customers.

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

In 3Q2021, **net cash flows from operating activities** of \$1.7 million as at 30 September 2021 was mainly attributable to the Group's net profit before tax of \$35.2 million offsetting changes in working capital as a result of lower trade and other payables and other liabilities, higher trade and other receivables and other assets as well as income tax paid during the period due to the reasons explained above.

**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.

**Net cash flow used in financing activities** was mainly due to lease liabilities paid in 3Q2021.

As at 30 September 2021, the Group maintained approximately \$386.7 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.**

In line with Section 4 of our preceding announcements, the Group is already witnessing the effects of the threat brought about by secondary waves of infections especially in our key markets of Taiwan and Malaysia. Furthermore, with the Group's key market of China still maintaining a "Zero COVID" strategy, we foresee continued disruptions in the form of the scaling down or cancellation of marketing events and activities scheduled for the rest of the year. Management's outlook for the next reporting period will still be a cautious one. Barring unforeseen circumstances, factors that may affect the Group's performance in the next reporting period and for the next 12 months include the following:

- The preferential rates for custom duty that our China subsidiary is enjoying currently has a positive impact on the Group's gross margin. Management wishes to highlight that should the customs authorities (General Administration of Customs People's Republic of China) remove or amend the benefit as and when they see fit, the Group's gross profit margin will be impacted;

- Logistics disarray and escalated freight charges are still posing challenges to the Group's operations resulting either in loss of revenue due to inventory shortages and higher cost of goods for the Group;
- With the opening of the Vaccinated Travel Lanes between Singapore and Germany, the Site Acceptance Testing (SAT) of the machines in relation to the Group's Tuas manufacturing facility will be able to proceed after some delays. However, due to the knock-on effects of these COVID related delays, we still expect TOP to be pushed back to 1Q2022, resulting in some increase in costs to the Group;
- The Group continues to require the services of professionals to render services related to M&A, corporate development opportunities and operational adherence to all relevant local regulations in the jurisdictions we operate in, etc;
- As the Group continues to focus in acquiring talents to play a role in its growth both locally and overseas, we foresee administrative expenses to increase. Management also anticipates expenses in relation to the relocation/refurbishment of certain Regional Centres; and
- Management actively undertakes measures to mitigate such potential risks related to fluctuations of currencies in key markets which the Group operates in against the Singapore Dollar, which may affect the Group's performance either positively or negatively.

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 Nine Months Ended 30 September 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	16	NA
- Freelance commission paid	158	NA
- Marketing fee paid	185	NA
Pek Jia Rong <sup>(1)</sup>		
- Sales	11	NA
- Freelance commission paid	99	NA
Tan Geok Fong Felicia <sup>(2)</sup>		
- Sales	12	NA
- Freelance commission paid	38	NA
- Marketing fee paid	107	NA
Huan Beng Choon <sup>(3)</sup>		
- Sales	6	NA
- Freelance commission paid	145	NA

Note (1): Daughter of Doreen Tan Nee Moi

Note (2): Sister of Doreen Tan Nee Moi

Note (3): Brother of Dora Hoan Beng Mui

#### 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 nine months ended 30 September 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

11 November 2021