



# **BEST WORLD INTERNATIONAL LTD**

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

## **Financial Statements And Related Announcement For the 9 months ended 30 September 2020**

# **BEST WORLD INTERNATIONAL LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020**

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020**

(Amounts expressed in Singapore dollars)

**1(a)(i). An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			Group		
	3 months Ended 30.09.20 \$'000	3 months Ended 30.09.19 \$'000	Change %	9 months Ended 30.09.20 \$'000	9 months Ended 30.09.19 \$'000	Change %
Revenue	131,325	114,345	14.8	344,375	266,016	29.5
Cost of sales	<u>(29,759)</u>	<u>(35,569)</u>	(16.3)	<u>(88,290)</u>	<u>(70,451)</u>	25.3
Gross profit	101,566	78,776	28.9	256,085	195,565	30.9
<u>Other items of income</u>						
Interest income	267	439	(39.2)	962	1,207	(20.3)
Other operating income	902	57	1,482.5	1,824	686	165.9
<u>Other Items of Expense</u>						
Distribution costs	(45,269)	(31,105)	45.5	(103,006)	(68,776)	49.8
Administrative expenses	(14,421)	(16,531)	(12.8)	(48,697)	(46,907)	3.8
Finance costs	(88)	(83)	6.0	(451)	(260)	73.5
Other gains (other losses), net	1,048	121	766.1	4,077	(151)	NM
Share of results of a joint venture	218	-	NM	650	-	NM
Share of results of an associate	<u>(65)</u>	<u>(75)</u>	(13.3)	<u>(186)</u>	<u>(177)</u>	5.1
<b>Profit before tax</b>	44,158	31,599	39.7	111,258	81,187	37.0
Income tax expense	<u>(16,258)</u>	<u>(6,717)</u>	142.0	<u>(41,387)</u>	<u>(19,309)</u>	114.3
<b>Profit for the period</b>	<u>27,900</u>	<u>24,882</u>	12.1	<u>69,871</u>	<u>61,878</u>	12.9
<b>Profit attributable to:</b>						
- Owners of the parent company	<b>28,230</b>	<b>24,836</b>	<b>13.7</b>	<b>70,276</b>	<b>61,910</b>	<b>13.5</b>
- Non-controlling interests	(330)	46	NM	(405)	(32)	1,165.6
<b>Profit for the period</b>	<u>27,900</u>	<u>24,882</u>	12.1	<u>69,871</u>	<u>61,878</u>	12.9
<b>Additional notes:</b>						
Gross profit margin	77.3%	68.9%		74.4%	73.5%	
Net profit margin	21.5%	21.7%		20.4%	23.3%	
Earnings per share (cents)	5.19	4.56		12.92	11.33	

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020**

**Statement of Comprehensive Income for the nine months ended 30 September 2020:**

	Group			Group		
	3 months Ended 30.09.20 \$'000	3 months Ended 30.09.19 \$'000	Change %	9 months Ended 30.09.20 \$'000	9 months Ended 30.09.19 \$'000	Change %
<b>Profit for the period, net of tax</b>	27,900	24,882	12.1	69,871	61,878	12.9
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	3,829	(87)	NM	4,649	(547)	NM
<b>Other comprehensive expense for the period, net of tax</b>	3,829	(87)	NM	4,649	(547)	NM
<b>Total comprehensive income for the period</b>	<u>31,729</u>	<u>24,795</u>	28.0	<u>74,520</u>	<u>61,331</u>	21.5
Attributable to:						
<b>Owners of the parent company</b>	<b>31,942</b>	<b>24,787</b>	28.9	<b>74,958</b>	<b>61,386</b>	22.1
Non-controlling interests	(213)	8	NM	(438)	(55)	696.4
<b>Total comprehensive income for the period</b>	<u>31,729</u>	<u>24,795</u>	28.0	<u>74,520</u>	<u>61,331</u>	21.5

**1(a)(ii). Profit before Income tax is determined after charging (crediting):**

	Group	
	9 months ended	
	30.09.20 \$'000	30.09.19 \$'000
Depreciation of property, plant and equipment	1,337	1,432
Depreciation of an investment property	14	14
Amortisation of right-of-use assets	3,009	2,786
Amortisation of intangible assets	253	573
Inventories written off	11	3
Fair value gains on other financial assets	(361)	(498)
Fair value gains on forward contracts, net	(77)	-
Allowance for impairment on inventories	136	187
Allowance for impairment on trade receivables	99	70
Foreign exchange (gains) losses, net	(3,874)	694
Gain on disposal of property, plant and equipment	-	(302)
Government grant income	(1,083)	-
Interest income	(962)	(1,207)
Interest expense	451	260

## STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

(Amounts expressed in Singapore dollars)

### 1(b). (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30.09.20	31.12.19	30.09.20	31.12.19
	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	28,323	14,892	3,506	4,757
Investment property	1,113	1,127	-	-
Right-of-use assets	14,964	14,501	3,969	6,371
Intangible assets	1,235	1,287	16	18
Other intangible assets	7,802	7,975	-	-
Investment in subsidiaries	-	-	68,803	33,987
Investment in an associate	5,228	5,415	-	-
Investment in a joint venture	25,412	-	-	-
Deferred tax assets	19,070	7,787	-	-
Other financial assets	818	535	818	535
Total non-current assets	<u>103,965</u>	<u>53,519</u>	<u>77,112</u>	<u>45,668</u>
<b>Current assets</b>				
Inventories	109,593	96,147	35,870	56,984
Trade and other receivables	18,914	18,130	110,447	53,791
Other assets	21,311	28,439	14,476	9,360
Other financial assets	12,897	12,848	12,897	12,848
Cash and cash equivalents	243,314	241,071	133,080	102,873
Total current assets	<u>406,029</u>	<u>396,635</u>	<u>306,770</u>	<u>235,856</u>
<b>Total assets</b>	<b><u>509,994</u></b>	<b><u>450,154</u></b>	<b><u>383,882</u></b>	<b><u>281,524</u></b>
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Income tax payable	37,383	23,608	29,761	12,432
Trade and other payables	161,931	165,071	63,563	60,847
Deferred grant income	481	-	384	-
Other financial liabilities	741	817	740	817
Lease liabilities	2,621	2,884	1,257	1,718
Other liabilities	1,306	1,302	1,082	1,082
Total current liabilities	<u>204,463</u>	<u>193,682</u>	<u>96,787</u>	<u>76,896</u>
<b>Net current assets</b>	<b><u>201,566</u></b>	<b><u>202,953</u></b>	<b><u>209,983</u></b>	<b><u>158,960</u></b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	1,542	138	138	138
Lease liabilities	12,218	11,878	2,407	4,746
Total non-current liabilities	<u>13,760</u>	<u>12,016</u>	<u>2,545</u>	<u>4,884</u>
<b>Total liabilities</b>	<b><u>218,223</u></b>	<b><u>205,698</u></b>	<b><u>99,332</u></b>	<b><u>81,780</u></b>
<b>Net assets</b>	<b><u>291,771</u></b>	<b><u>244,456</u></b>	<b><u>284,550</u></b>	<b><u>199,744</u></b>
<b>Equity, attributable to owner of the company</b>				
Share capital	10,027	10,027	10,027	10,027
Retained earnings	273,557	230,486	274,201	189,395
Other reserves	10,570	5,888	322	322
	<u>294,154</u>	<u>246,401</u>	<u>284,550</u>	<u>199,744</u>
Non-controlling interests	(2,383)	(1,945)	-	-
<b>Total equity</b>	<b><u>291,771</u></b>	<b><u>244,456</u></b>	<b><u>284,550</u></b>	<b><u>199,744</u></b>
<b>Total equity and liabilities</b>	<b><u>509,994</u></b>	<b><u>450,154</u></b>	<b><u>383,882</u></b>	<b><u>281,524</u></b>

## BORROWINGS AND DEBT SECURITIES

(Amounts expressed in Singapore dollars)

### 1(b). (ii) Aggregate amount of Group's borrowings and debt securities.

Amount Repayable in One Year or less, or on Demand

As at 30.09.20		As at 31.12.19	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	-	-	-

Amount repayable after one year

As at 30.09.20		As at 31.12.19	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	-	-	-

#### Details of any collateral

Certain leasehold properties of subsidiaries at carrying value of \$399,000 as at 30 September 2020 (31 December 2019: \$403,000), a non-current other intangible asset of a subsidiary at carrying value of \$7,802,000 as at 30 September 2020 (31 December 2019: \$7,975,000), an investment property of a subsidiary at carrying value of \$1,113,000 as at 30 September 2020 (31 December 2019: \$1,127,000), other financial assets of the company at carrying value of \$2,276,000 as at 30 September 2020 (31 December 2019: \$2,185,000) are mortgaged to banks to secure bank facilities granted by the banks.

Certain fixed deposits of the group are pledged to banks for facilities granted. See 1(c) for pledged details.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

(Amounts expressed in Singapore dollars)

1(c). A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	3 Months Ended 30.09.20 \$'000	3 Months Ended 30.09.19 \$'000	9 Months Ended 30.09.20 \$'000	9 Months Ended 30.09.19 \$'000
<b>Cash flows from operating activities:</b>				
Profit before tax	44,158	31,599	111,258	81,187
Interest income	(267)	(439)	(962)	(1,207)
Interest expenses	88	83	451	260
Depreciation of property, plant and equipment	565	466	1,337	1,432
Amortisation of right-of-use assets	723	929	3,009	2,786
Depreciation of an investment property	5	5	14	14
Amortisation of intangible assets	81	190	253	573
Gain on disposal of property, plant and equipment	-	(3)	-	(302)
Share of results of a joint venture	(218)	-	(650)	-
Share of results of an associate	65	75	186	177
Fair value (losses) gains on forward contract	380	-	(77)	-
Fair value gains on other financial assets	(187)	(57)	(361)	(498)
Unrealised exchange losses (gains)	3,746	(1,750)	4,169	(1,873)
<b>Operating cash flows before changes in working capital</b>	<u>49,139</u>	<u>31,098</u>	<u>118,627</u>	<u>82,549</u>
Inventories	(17,118)	(14,945)	(13,446)	(34,776)
Trade and other receivables	4,693	1,849	(74)	(2,877)
Other assets	5,216	(11,496)	(1,068)	(7,603)
Trade and other payables	23,166	27,523	(3,185)	29,921
Deferred grant income	196	-	(481)	-
<b>Cash flows from operations</b>	<u>65,292</u>	<u>34,029</u>	<u>100,373</u>	<u>67,214</u>
Interest received	267	439	962	1,207
Interest paid	(88)	(83)	(451)	(260)
Income tax paid	(22,196)	(11,335)	(38,115)	(25,492)
<b>Net cash flows from operating activities</b>	<u>43,275</u>	<u>23,050</u>	<u>62,769</u>	<u>42,669</u>
<b>Cash flows from investing activities:</b>				
Acquisition of an associate	-	-	-	(5,625)
Acquisition of a joint venture	-	-	(24,762)	-
Purchase of property, plant and equipment	(3,241)	(1,559)	(6,465)	(5,504)
Proceeds from disposal of property, plant and equipment	-	444	-	444
Purchase of intangible assets	(9)	(7)	(29)	(11)
(Increase) decrease in other financial assets	(10)	(27)	252	(24)
<b>Net cash flows used in investing activities</b>	<u>(3,260)</u>	<u>(1,149)</u>	<u>(31,004)</u>	<u>(10,720)</u>
<b>Cash flows from financing activities:</b>				
Dividends paid on ordinary shares	(27,205)	(6,529)	(27,205)	(6,529)
Purchase of treasury shares	-	-	-	(8,581)
Repayment of bank borrowings	-	(688)	-	(2,049)
Repayment of lease liabilities	(1,579)	(879)	(3,392)	(2,638)
(Increase) Decrease in cash restricted in use	(67)	(15)	(167)	89
<b>Net cash flows used in financing activities</b>	<u>(28,851)</u>	<u>(8,111)</u>	<u>(30,764)</u>	<u>(19,708)</u>
<b>Net increase in cash and cash equivalents</b>	11,164	13,790	1,001	12,241
<b>Effects of exchange rate changes on cash and cash equivalents</b>	(4)	(21)	1,075	(35)
<b>Cash and cash equivalents, statement of cash flows, beginning balance</b>	<u>226,332</u>	<u>186,189</u>	<u>235,416</u>	<u>187,752</u>
<b>Cash and cash equivalents, statement of cash flows, ending balance</b> Note A	<u>237,492</u>	<u>199,958</u>	<u>237,492</u>	<u>199,958</u>

Note A :

	Group		Group	
	3 Months Ended 30.09.20 \$'000	3 Months Ended 30.09.19 \$'000	9 Months Ended 30.09.20 \$'000	9 Months Ended 30.09.19 \$'000
Cash and bank balances	243,314	209,241	243,314	209,241
Less: Cash pledged	(5,822)	(9,283)	(5,822)	(9,283)
<b>Cash and cash equivalents in the consolidated cash flow statement</b>	<u>237,492</u>	<u>199,958</u>	<u>237,492</u>	<u>199,958</u>

## STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

(Amounts expressed in Singapore dollars)

**1(d). (i) A statement (for the Group and company) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Attributable to owners of the parent company

	Total equity		Share capital	Treasury shares	Retained earnings	Foreign currency translation reserve	Statutory reserves	Share-based compensation reserves	Other reserves	Non-controlling interests
	\$ '000	\$ '000								
<b>Group</b>										
<b>Balance at 1 January 2020</b>	244,456	246,401	20,618	(10,591)	230,486	(123)	5,647	322	42	(1,945)
<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>	258,632	260,794	20,618	(10,591)	243,766	990	5,647	322	42	(2,162)
<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>	287,247	289,417	20,618	(10,591)	272,532	847	5,647	322	42	(2,170)
<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>291,771</u>	<u>294,154</u>	<u>20,618</u>	<u>(10,591)</u>	<u>273,557</u>	<u>4,559</u>	<u>5,647</u>	<u>322</u>	<u>42</u>	<u>(2,383)</u>
<b>Balance at 1 January 2019</b>	170,784	173,750	20,618	(2,010)	149,315	(184)	5,647	322	42	(2,966)
<b><u>Movements in equity</u></b>										
Total comprehensive income (expense) for the period	10,591	10,598	-	-	10,329	269	-	-	-	(7)
<b>Balance at 31 March 2019</b>	181,375	184,348	20,618	(2,010)	159,644	85	5,647	322	42	(2,973)
<b><u>Movements in equity</u></b>										
Total comprehensive income (expense) for the period	25,945	26,001	-	-	26,745	(744)	-	-	-	(56)
Share buy back - held as treasury shares	(8,581)	(8,581)	-	(8,581)	-	-	-	-	-	-
<b>Balance at 30 June 2019</b>	198,739	201,768	20,618	(10,591)	186,389	(659)	5,647	322	42	(3,029)
<b><u>Movements in equity</u></b>										
Total comprehensive income (expense) for the period	24,795	24,787	-	-	24,836	(49)	-	-	-	8
Dividends	(6,529)	(6,529)	-	-	(6,529)	-	-	-	-	-
<b>Balance at 30 September 2019</b>	<u>217,005</u>	<u>220,026</u>	<u>20,618</u>	<u>(10,591)</u>	<u>204,696</u>	<u>(708)</u>	<u>5,647</u>	<u>322</u>	<u>42</u>	<u>(3,021)</u>

## STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

(Amounts expressed in Singapore dollars)

Company	Attributable to owners of the parent company				Share-based compensation reserves
	Total equity	Share capital	Treasury shares	Retained earnings	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2020</b>	199,744	20,618	(10,591)	189,395	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>	230,490	20,618	(10,591)	220,141	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>	252,792	20,618	(10,591)	242,443	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>	284,550	20,618	(10,591)	274,201	322
<b>Balance at 1 January 2019</b>	133,628	20,618	(2,010)	114,698	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	12,418	-	-	12,418	-
<b>Balance as at 31 March 2019</b>	146,046	20,618	(2,010)	127,116	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	4,881	-	-	4,881	-
Share buy back - held as treasury shares	(8,581)	-	(8,581)	-	-
<b>Balance as at 30 June 2019</b>	142,346	20,618	(10,591)	131,997	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	19,142	-	-	19,142	-
Dividend	(6,529)	-	-	(6,529)	-
<b>Balance as at 30 September 2019</b>	154,959	20,618	(10,591)	144,610	322

## NOTES TO FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

(Amounts expressed in Singapore dollars)

### SHARE CAPITAL

- 1(d). (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

#### (a) Share Capital

	Group and Company		Group and Company	
	Issued ordinary shares		Issued and fully paid up capital	
	No. of shares		\$'000	
	2020	2019	2020	2019
At 1 January, 31 March and 30 June	544,100,114	549,395,114	10,027	18,608
Share buy back – held as Treasury Shares	-	(5,295,000)	-	(8,581)
At 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	
	2020	2019	2020	2019
At 1 January, 31 March and 30 June	10,291,900	4,996,900	10,591	2,010
Share buy back – held as Treasury Shares	-	5,295,000	-	8,581
At 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 2020 and 30 September 2019, the company did not purchase its ordinary shares to be held as treasury shares.

- (iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued ordinary shares excluding treasury shares as at 30 September 2020 and 31 December 2019 was 544,100,114.

The total number of treasury shares as at 30 September 2020 and 31 December 2019 was 10,291,900.

- (iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not Applicable.

## AUDIT

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited, or reviewed by auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

## ACCOUNTING POLICIES

4. **Whether the same accounting policies and methods of computation as in the Group and company's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current period as compared with those used in the audited financial statements for the financial year ended 31 December 2018 and unaudited financial statements for the financial year ended 31 December 2019, except for the adoption of the new and revised SFRS (I) applicable for the financial year beginning 1 January 2019.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group and Company have adopted the new and revised SFRS (I) applicable for the financial year beginning 1 January 2019. The impact of adopting the following SFRS (I) which is effective for financial year beginning 1 January 2019, is detailed as follows:

**SFRS(I) 16 – Leases**

The Group and Company adopted SFRS(I) 16 and elected modified retrospective method where the lease liability was measured at present value of the remaining lease payments discounted using the incremental borrowing rate at the date of initial application. The Company adopted to measure the right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment relating to that lease recognised in balance sheet as at 1 January 2019. In addition, the Group elected the following practical expedients:

- i) not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- ii) to apply the exemption not to recognize right-of-use assets and lease liabilities to lease for which the lease term ends within 12 months as of 1 January 2019
- iii) to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

Summary of Impact:

Group	1 January 2019	SFRS(I) 16	1 January 2019 (Restated)
	\$'000	\$'000	\$'000
Non-current assets			
Right-of-use assets	-	10,376	10,376
Non-current liabilities			
Lease liabilities	-	6,858	6,858
Current liabilities			
Lease liabilities	-	3,518	3,518

## EARNINGS PER SHARE

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	GROUP					
	3 months ended 30.09.20	3 months ended 30.09.19	Change %	9 months ended 30.09.20	9 months ended 30.09.19	Change %
Earnings per share of Group:						
(a) Based on weighted average number of ordinary shares on issue (cts); and	5.19	4.56	13.8	12.92	11.33	14.0
(b) On a fully diluted basis (cts)	5.19	4.56	13.8	12.92	11.33	14.0

For comparative purposes, the earnings per ordinary shares for the three months ended 30 September 2020 and 30 September 2019 are calculated based on the profit for the period of approximately \$28.2 million and \$24.8 million respectively. The earnings per ordinary shares for the 9 months ended 30 September 2020 and 30 September 2019 are calculated based on the profit for the period of approximately \$70.3 million and \$61.9 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the three months ended 30 September 2020 and 30 September 2019 is 544,100,114. The weighted average number of ordinary shares (excluding treasury shares) for the 9 months ended 30 September 2020 is 544,100,114 (9 months ended 30 September 2019: 546,559,657).

## NET ASSET VALUE PER SHARE

7. Net asset value (for the Issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	GROUP		COMPANY	
	30.09.20	31.12.19	30.09.20	31.12.19
Net asset value per ordinary shares (cents)	54.06	45.29	52.30	36.71

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 30 September 2020 and 31 December 2019 was 544,100,114.

## REVIEW OF THE PERFORMANCE OF THE GROUP

8. **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.**

### Overview

For the nine months ended 30 September 2020, the Group achieved a 29.5% increase in revenue vis-à-vis the same period last year, registering a total revenue of \$344.4 million, mainly attributable to growth in both our existing and new markets.

Cost of sales declined from \$35.6 million in 3Q2019 to \$29.8 million in 3Q2020 mainly attributable to lower import duties incurred in China due to temporary preferential custom duty rate obtained by Hunan branch of our China subsidiary, resulting in a substantially lower custom duty rate for 3Q2020. As a result, gross profit margin of the Group normalised from 68.9% in 3Q2019, back to 77.3% for 3Q2020. For the nine months ended 30 September 2020, gross profit margin was stable at 74.4% compared to the same period last year.

The Group's profit attributable to owners of the parent company increased to \$28.2 million in 3Q2020 and \$70.3 million for the nine months ended 30 September 2020 respectively, mainly due to the following factors:

- Interest income decreased to \$0.3 million in 3Q2020 and \$1.0 million for the nine months ended 30 September 2020 vis-à-vis the same period last year, mainly due to much lower interest rates offered for bank's fixed deposits;
- Other operating income increased to \$0.9 million in 3Q2020 and \$1.8 million for the nine months ended 30 September 2020 vis-à-vis the same period last year, mainly due to government grants received in Singapore, in relation to the Jobs Support Scheme;
- Distribution costs increased from \$31.1 million in 3Q2019 to \$45.3 million in 3Q2020 mainly attributable to increase in freelance commissions of the Direct Selling segment offsetting decline in sales related expenses of the Franchise segment. For the nine months ended 30 September 2020, distribution costs increased 49.8% by \$34.2 million compared to the same period last year, due to higher sales related expenses of both Franchise and Direct Selling segment;
- Administrative expenses decreased by \$2.1 million in 3Q2020 vis-à-vis the same quarter last year mainly due to lower professional fees incurred for the quarter. The Group's administrative expenses for the nine months ended 30 September 2020 increased marginally by 3.8% to \$48.7 million vis-à-vis the same period last year, mainly due to additional hire of management and staff;
- Finance costs maintained at \$88,000 in 3Q2020 when compared to the same quarter last year. For the nine months ended 30 September 2020, finance costs increased approximately to \$0.5 million from \$0.3 million when compared to the same period in FY2019 mainly due to lease interest from new leases of HQ and certain subsidiaries;

- Net other gains of \$1.0 million in 3Q2020 was mainly due to \$1.6 million net foreign exchange gains on revaluation of the Group's assets denominated in Chinese Yuan as well as fair value gains on other financial assets offsetting \$0.6 million fair value loss on forward contracts, allowance for impairment on inventories and allowance for impairment on trade receivables. For the nine months ended 30 September 2020, net other gains of \$4.1 million was mainly due to net foreign exchange gains of \$3.9 million as a result of strong New Taiwan Dollar and Chinese Yuan against Singapore Dollar;
- Share of results of a joint venture increased to \$0.2 million in 3Q2020 and \$0.7 million for the nine months ended 30 September 2020 mainly attributable to addition from the Group's United Kingdom ("UK") joint venture of Pedal Pulses Limited acquired in April 2020; and
- Share of losses of Celligenics, our associate was \$65,000 for 3Q2020 and \$0.2 million for the nine months ended September 2020.

The Group incurred higher income tax expense of \$16.3 million in 3Q2020 and \$41.4 million for the nine months ended 30 September 2020, as a result of certain profitable subsidiaries which are subjected to higher corporate tax rates, as well as higher withholding tax expenses in relation to distributable profits from certain subsidiaries. As a result, the Group's effective tax rate increased to 37.2% for nine months ended 30 September 2020 from 23.8% vis-à-vis the same period last year.

### Revenue by Business Segments

For Quarter: 3Q2020 Vs 3Q2019

Business Segment	3 months ended 30.09.20 Revenue		3 months ended 30.09.19 Revenue		Change
	\$'000	%	\$'000	%	
Direct Selling	65,789	50.1	30,774	26.9	113.8
Export	53	0.0	159	0.1	(66.7)
Manufacturing/Wholesale	578	0.4	630	0.6	(8.3)
Franchise	64,905	49.5	82,782	72.4	(21.6)
<b>Total</b>	<b>131,325</b>	<b>100.0</b>	<b>114,345</b>	<b>100.0</b>	<b>14.8</b>

For Year-to-Date: 3Q2020 Vs 3Q2019

Business Segment	9 months ended 30.09.20 Revenue		9 months ended 30.09.19 Revenue		Change
	\$'000	%	\$'000	%	
Direct Selling	171,009	49.7	89,491	33.6	91.1
Export	115	0.0	402	0.2	(71.4)
Manufacturing/Wholesale	1,204	0.3	1,886	0.7	(36.2)
Franchise	172,047	50.0	174,237	65.5	(1.3)
<b>Total</b>	<b>344,375</b>	<b>100.0</b>	<b>266,016</b>	<b>100.0</b>	<b>29.5</b>

In the wake of a pandemic crisis and economic uncertainty, people are spending more time on social media and are more willing to explore opportunities which otherwise would go unnoticed. This trend is, in particular, evident in the Group's markets of Malaysia, Singapore and Hong Kong, resulting in a significant increase in the Group's Direct Selling revenue from \$30.8 million in 3Q2019 to \$65.8 million in 3Q2020. As a result, this translates to a 91.1% increase in the Group's Direct Selling revenue for the nine months ended 30 September 2020.

As at 30 September 2020, the Group has 146,160 members for its direct selling business, representing a 10.9% increase when compared to 2Q2020.

Revenue from the Export segment and Manufacturing/Wholesale segment for the nine months ended 30 September 2020 does not constitute a material contribution to the Group's top line.

For the Group's Franchise segment, revenue decreased 21.6% to \$64.9 million in 3Q2020 vis-à-vis the same period last year as a result of the postponement of large-scale marketing events, originally scheduled for September, due to Covid-19 precautionary measures. Franchisees are currently building brand visibility and stimulating market demand for DR's Secret through utilisation of social media and content apps like WeChat and Red (XiaoHongShu).

As at 30 September 2020, our China subsidiary works with 39 franchisees located in twelve provinces and one municipality in mainland China.

## Revenue by Geographical Locations

For Quarter: 3Q2020 Vs 3Q2019

Geographical Locations	3 months ended 30.09.20 Revenue		3 months ended 30.09.19 Revenue		Change %
	\$'000	%	\$'000	%	
Singapore	8,856	6.7	2,319	2.0	281.9
China	65,483	49.9	83,413	73.0	(21.5)
Taiwan	33,082	25.2	22,577	19.7	46.5
Indonesia	1,584	1.2	2,296	2.0	(31.0)
Malaysia	15,490	11.8	937	0.8	1,553.1
Hong Kong	3,904	3.0	1,969	1.7	98.3
Others	2,926	2.2	834	0.8	250.8
<b>Total</b>	<b>131,325</b>	<b>100.0</b>	<b>114,345</b>	<b>100.0</b>	<b>14.8</b>

For Year-to-Date: 3Q2020 Vs 3Q2019

Geographical Locations	9 months ended 30.09.20 Revenue		9 months ended 30.09.19 Revenue		Change
	\$'000	%	\$'000	%	%
Singapore	17,596	5.1	7,172	2.7	145.3
China	173,251	50.3	176,123	66.2	(1.6)
Taiwan	101,201	29.4	63,127	23.7	60.3
Indonesia	3,669	1.1	8,427	3.2	(56.5)
Malaysia	31,699	9.2	2,140	0.8	1,381.3
Hong Kong	10,104	2.9	6,376	2.4	58.5
Others	6,855	2.0	2,651	1.0	158.6
<b>Total</b>	<b>344,375</b>	<b>100.0</b>	<b>266,016</b>	<b>100.0</b>	<b>29.5</b>

### Singapore

Since the end of the Covid-19 circuit breaker in June, revenue from Singapore grew by 281.9% in 3Q2020 mainly due to the increase in the number of active distributors and their corresponding online activities supported by the Group's online store and mobile apps. In response to constraints posed for gatherings, management has rolled out scheduled online trainings. This effectively engaged and supported the training requirements for new group of distributors and customers acquired over the nine months of FY2020. As a result, revenue from Singapore increased 145.3% for the nine months ended 30 September 2020 when compared to the same period last year.

### China

Revenue from China decreased by 21.5% in 3Q2020 vis-à-vis the same period last year caused mainly by limited price promotions, absence of marketing events, and the postponement of large-scale marketing events, originally scheduled for September, due to Covid-19 precautionary measures. For the nine months ended 30 September 2020, revenue from China decreased 1.6% to \$173.3 million. Management's rationale to limit price promotion during this period is also to quell rampant online discounting on various online market platforms. Management is monitoring the situation closely explore the possibility of the large-scale marketing event to be held in 4Q2020, without compromising Covid-19 safety measures rules.

### Taiwan

Compared to the other markets, Taiwan was faced with the least impact as a result of Covid-19. Revenue from Taiwan increased by 46.5% or \$10.5 million in 3Q2020 vis-à-vis the same period last year, driven mainly by increased sales efforts by the distributors through a mega promotional event held in August, coupled with effective usage of online to offline (O2O) interactions. For the nine months ended 30 September 2020, revenue from Taiwan increased 60.3% compared to the same period last year.

## **Indonesia**

In line with our previous quarter announcement, revenue from Indonesia decreased from \$2.3 million in 3Q2019 to \$1.6 million in 3Q2020 due to continuous rampant online discounting and worsening Covid-19 situation in Indonesia which adversely impacted consumers' confidence. In 3Q2020 however, Indonesia saw higher demand for our skincare brand when compared to 2Q2020.

## **Malaysia**

As more and more satisfied users convert to become active distributors for our skincare brand in Malaysia, revenue increased significantly to \$15.5 million for 3Q2020 and to \$31.7 million for the nine months ended 30 September 2020. The high paced growth is mainly due to effective recruitment drive for young and dynamic distributors, the implementation of effective online strategies for sales follow-ups, trainings and successful marketing events held in 3Q2020 after the Movement Control Order ended in mid-June.

## **Hong Kong**

Revenue from Hong Kong increased by 98.3% in 3Q2020 vis-à-vis the same period last year mainly due to the implementation of our training systems which led to more effective distributors, leading to higher sales. In addition, customers' willingness to engage in promoting DR's Secret was attributable to the uncertain economic climate and their recognition of the opportunities behind the growing demand of our skin care brand. For the nine months ended 30 September 2020, revenue from Hong Kong increased by 58.5% when compared to the same period last year.

## **Others**

Revenue from other markets increased by 250.8% in 3Q2020 and 158.6% in the nine months ended 30 September 2020 when compared to 3Q2019 and nine months ended 30 September 2020 respectively, mainly due to growth from new online markets of Australia and New Zealand, offsetting decline from markets of Thailand, Vietnam, Myanmar and the UAE.

## **Financial Position and Cash Flow**

Non-current assets of the Group increased from \$53.5 million as at 31 December 2019 to \$104.0 million as at 30 September 2020, mainly attributable to increase of Property, Plant and Equipment in relation to construction in progress for our Tuas facility, deferred tax assets and our UK joint venture of Pedal Pulses Limited.

Inventories increased from \$96.1 million as at 31 December 2019 to \$109.6 million as at 30 September 2020 mainly due to building up of inventories in China for the Group's franchise business to ensure sufficient supply especially during our peak quarter to China consumers in the event of second wave Covid-19 outbreak in China.

Trade and other receivables increased from \$18.1 million as at 31 December 2019 to \$18.9 million as at 30 September 2020 mainly due to higher trade receivables from our Malaysia subsidiary as a result of increased transactions within the last few days of the quarter offsetting lower other receivables.

Other assets decreased from \$28.4 million as at 31 December 2019 to \$21.3 million as at 30 September 2020 mainly due to a reclassification of deposits made for purchase of property, plant and equipment in relation to construction in progress for our Tuas facility. Income Tax Payable increased from \$23.6 million as at 31 December 2019 to \$37.4 million as at 30 September 2020 due to additional tax provisions from our profitable subsidiaries during the period.

In line with lower sales from our Franchise segment for the month of September, trade and other payables decreased from \$165.1 million as at 31 December 2019 to \$161.9 million as at 30 September 2020 mainly due to lower sales related expenses recorded from our Franchise segment offsetting higher accruals and deposits received from our customers.

Deferred grant income of \$0.5 million as at 30 September 2020 relates to government grants relating to the Jobs Support Scheme.

Other financial liabilities were maintained at \$0.7 million as at 30 September 2020 relates to fair value losses on forward contracts.

Total lease liabilities were maintained at \$14.8 million as at 30 September 2020 vis-à-vis 31 December 2019.

Other liabilities were maintained at \$1.3 million as at 30 September 2020 vis-à-vis 31 December 2019.

For the nine months ended 30 September 2020, net cash flows from operating activities of \$62.8 million was mainly attributable to the Group's net profit before tax of \$111.3 million, offsetting changes in working capital as a result of lower trade and other payables, increase in inventories as well as income tax paid during the period. Net cash flow used in investing activities of \$31.0 million was mainly due to the investment in Pedal Pulses Limited acquired in April 2020 and purchase of property, plant and equipment in relation to our Tuas facility. Net cash flow of \$30.8 million was used in financing activities was mainly attributable to the dividends paid on ordinary shares in 3Q2020.

As at 30 September 2020, the Group maintained approximately \$243.3 million in cash and cash equivalents.

## **COMMENTARY ON THE CURRENT PERIOD'S PROSPECTS**

**9. 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.

**10. 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.**

While certain markets continue to show signs of easing, the Covid-19 situation remains very volatile for other markets. The Group recognizes its role as a responsible corporate citizen and will not hastily hold any marketing events that might potentially compromise our members' health. In view of these uncontrollable factors, we remain cautious about the Group's performance outlook for the next 12 months. Barring unforeseen circumstances, factors that

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

- The current preferential custom duty rates shall be ongoing until otherwise revoked by the customs authorities (General Administration of Customs People's Republic of China) for any reasons they deem fit;
- From time to time, services of various professionals are required to, amongst other reasons, identify and assess M&A and corporate development opportunities relevant to the Group's business, and ensure the Group's operations adhere to all relevant local regulations in the jurisdictions it operates in. Moving forward, we will continue to incur higher professional fees in relation to the works to be performed towards the lifting of trade suspension by SGX;
- Higher administrative expenses due to an increase in management and staff in HQ and certain subsidiaries, expenses in relation to the construction of the Group's Tuas manufacturing facilities and the relocation/refurbishment of certain Regional Centres; and
- Fluctuations of currencies in key markets which the Group operates in against the Singapore Dollar, may affect the Group's performance positively or negatively. 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.

## **DIVIDENDS**

### **11. (a) (i) Current Financial Period Reported On**

None

### **(ii) Corresponding Period of the immediately Preceding Financial Year**

None

### **(b) Date payable for dividend**

Not applicable

### **(c) Book closure date for dividend**

Not applicable

**12. If no dividend has been declared/ recommended, a statement to that effect.**

No dividends have been declared or recommended by the Board for the financial period ended 30 September 2020 as the Board has decided to conserve cash in the face of heightened economic volatility and business uncertainty moving forward, with consideration of the current short and medium term commitments, especially in relation to the construction of our Tuas facility as well as second tranche investment in Pedal Pulses Limited, should the vendors exercise their put option during the put option period.

**13. 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 2020	
	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	9	NA
- Freelance commission paid	83	NA
- Marketing fee paid	148	NA
Tan Geok Fong Felicia <sup>(2)</sup>		
- Sales	47	NA
- Freelance commission paid	28	NA
- Marketing fee paid	77	NA
Huan Beng Choon <sup>(3)</sup>		
- Sales	8	NA
- Freelance commission paid	106	NA

Note (1): Daughter of Doreen Tan Nee Moi

Note (2): Sister of Doreen Tan Nee Moi

Note (3): Brother of Dora Hoan Beng Moi

**14. 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 2020 to be false or misleading.

**15. 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 2020