



BEST WORLD INTERNATIONAL LTD

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

Financial Statements And Related Announcement For the 3 months ended 31 March 2021

BEST WORLD INTERNATIONAL LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2021

TABLE OF CONTENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	2
STATEMENTS OF FINANCIAL POSITION	4
BORROWINGS AND DEBT SECURITIES	5
CONSOLIDATED STATEMENT OF CASH FLOWS	6
STATEMENTS OF CHANGES IN EQUITY	7
SHARE CAPITAL	9
AUDIT	10
ACCOUNTING POLICIES	11
EARNINGS PER SHARE	12
NET ASSET VALUE PER SHARE	12
REVIEW OF THE PERFORMANCE OF THE GROUP	13
Overview	13
Revenue by Business Segments	14
Revenue by Geographical Locations	15
Financial Position and Cash Flow	16
COMMENTARY ON THE CURRENT PERIOD'S PROSPECTS	17
DIVIDENDS	18

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2021

(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		
	3 months Ended 31.03.21 \$'000	3 months Ended 31.03.20 \$'000	Change %
Revenue	128,460	74,550	72.3
Cost of sales	<u>(29,017)</u>	<u>(22,542)</u>	28.7
Gross profit	99,443	52,008	91.2
<u>Other items of income</u>			
Interest income	524	506	3.6
Other operating income	346	45	668.9
<u>Other Items of Expense</u>			
Distribution costs	(30,766)	(21,072)	46.0
Administrative expenses	(23,020)	(15,929)	44.5
Finance costs	(76)	(126)	(39.7)
Other gains, net	3,014	4,775	(36.9)
Share of results of a joint venture	345	-	NM
Share of results of an associate	<u>(49)</u>	<u>(54)</u>	(9.3)
Profit before tax	49,761	20,153	146.9
Income tax expense	<u>(11,989)</u>	<u>(7,124)</u>	68.3
Profit for the period	<u>37,772</u>	<u>13,029</u>	189.9
Profit attributable to:			
- Owners of the parent company	37,899	13,280	185.4
- Non-controlling interests	(127)	(251)	(49.4)
Profit for the period	<u>37,772</u>	<u>13,029</u>	189.9
<u>Additional notes:</u>			
Gross profit margin	77.4%	69.8%	
Net profit margin	29.5%	17.8%	
Earnings per share (cents)	6.97	2.44	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2021

Statement of Comprehensive Income for the three months ended 31 March 2021:

	Group		Change %
	3 months Ended 31.03.21 \$'000	3 months Ended 31.03.20 \$'000	
Profit for the period, net of tax	37,772	13,029	189.9
<i>Other comprehensive income</i>			
Exchange differences on translating foreign operations	<u>1,708</u>	<u>1,147</u>	48.9
Other comprehensive income for the period, net of tax	<u>1,708</u>	<u>1,147</u>	48.9
Total comprehensive income for the period	<u>39,480</u>	<u>14,176</u>	178.5
Attributable to:			
Owners of the parent company	39,526	14,393	174.6
Non-controlling interests	<u>(46)</u>	<u>(217)</u>	(78.8)
Total comprehensive income for the period	<u>39,480</u>	<u>14,176</u>	178.5

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

	Group	
	3 months ended	
	31.03.21 \$'000	31.03.20 \$'000
Depreciation of property, plant and equipment	602	607
Depreciation of an investment property	5	5
Amortisation of right-of-use assets	773	704
Amortisation of intangible assets	84	87
Fair value losses on other financial assets	31	257
Fair value gains on foreign exchange derivatives	(661)	(1,041)
Inventories written down	107	141
Foreign exchange gains, net	(2,465)	(4,132)
Gain on disposal of property, plant and equipment	(26)	-
Government grant income	(288)	-
Interest income	(524)	(506)
Interest expense	76	126

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021

(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	
	31.03.21	31.12.20	31.03.21	31.12.20
	\$'000	\$'000	\$'000	\$'000
Assets				
Non-current assets				
Property, plant and equipment	33,566	30,956	3,114	3,293
Investment property	1,104	1,109	-	-
Right-of-use assets	8,941	9,619	3,202	3,598
Intangible assets	1,145	1,150	49	39
Other intangible assets	7,686	7,744	-	-
Investment in subsidiaries	-	-	80,778	73,485
Investment in an associate	5,126	5,175	-	-
Investment in a joint venture	26,036	25,691	-	-
Deferred tax assets	27,281	25,953	-	-
Other financial assets	536	791	536	791
Total non-current assets	<u>111,421</u>	<u>108,188</u>	<u>87,679</u>	<u>81,206</u>
Current assets				
Inventories	98,589	102,365	23,365	27,952
Trade and other receivables	10,962	3,889	109,348	124,621
Other assets	22,721	17,394	10,781	8,712
Other financial assets	14,453	12,634	14,453	12,634
Cash and cash equivalents	356,196	334,032	181,450	175,104
Total current assets	<u>502,921</u>	<u>470,314</u>	<u>339,397</u>	<u>349,023</u>
Total assets	<u>614,342</u>	<u>578,502</u>	<u>427,076</u>	<u>430,229</u>
Equity and liabilities				
Current liabilities				
Income tax payable	35,141	36,673	23,107	21,746
Trade and other payables	170,897	173,964	52,635	70,520
Contract liabilities	7,850	6,828	-	-
Other financial liabilities	139	800	139	800
Lease liabilities	3,737	3,942	1,257	1,257
Other liabilities	1,306	1,306	1,082	1,082
Total current liabilities	<u>219,070</u>	<u>223,513</u>	<u>78,220</u>	<u>95,405</u>
Net current assets	<u>283,851</u>	<u>246,801</u>	<u>261,177</u>	<u>253,618</u>
Non-current liabilities				
Deferred tax liabilities	9,195	7,850	4,900	4,900
Lease liabilities	4,991	5,533	1,728	2,086
Total non-current liabilities	<u>14,186</u>	<u>13,383</u>	<u>6,628</u>	<u>6,986</u>
Total liabilities	<u>233,256</u>	<u>236,896</u>	<u>84,848</u>	<u>102,391</u>
Net assets	<u>381,086</u>	<u>341,606</u>	<u>342,228</u>	<u>327,838</u>
Equity, attributable to owner of the company				
Share capital	10,027	10,027	10,027	10,027
Retained earnings	366,540	328,641	331,879	317,489
Other reserves	6,949	5,322	322	322
	<u>383,516</u>	<u>343,990</u>	<u>342,228</u>	<u>327,838</u>
Non-controlling interests	(2,430)	(2,384)	-	-
Total equity	<u>381,086</u>	<u>341,606</u>	<u>342,228</u>	<u>327,838</u>
Total equity and liabilities	<u>614,342</u>	<u>578,502</u>	<u>427,076</u>	<u>430,229</u>

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 31.03.21		As at 31.12.20	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	-	-	-

Amount repayable after one year

As at 31.03.21		As at 31.12.20	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	-	-	-

Details of any collateral

Certain leasehold properties of a subsidiary at carrying value of \$390,000 as at 31 March 2021 (31 December 2020: \$397,000), an investment property of a subsidiary at carrying value of \$Nil as at 31 March 2021 (31 December 2020: \$1,109,000), other financial assets of the company at carrying value of \$2,261,000 as at 31 March 2021 (31 December 2020: \$2,212,000) 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 THREE MONTHS ENDED 31 MARCH 2021

(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	
	3 Months Ended 31.03.21	3 Months Ended 31.03.20
	\$'000	\$'000
Cash flows from operating activities:		
Profit before tax	49,761	20,153
Interest income	(524)	(506)
Interest expenses	76	126
Depreciation of property, plant and equipment	602	607
Amortisation of right-of-use assets	773	704
Depreciation of an investment property	5	5
Amortisation of intangible assets	84	87
Gain on disposal of property, plant and equipment	(26)	-
Share of results of a joint venture	(345)	-
Share of results of an associate	49	54
Inventory written down	107	141
Fair value gains on foreign exchange derivatives	(661)	(1,041)
Fair value gains on other financial assets	31	257
Unrealised exchange losses (gains)	690	(2,056)
Operating cash flows before changes in working capital	<u>50,622</u>	<u>18,531</u>
Inventories	3,669	(7,621)
Trade and other receivables	(6,219)	2,114
Other assets	(6,137)	(5,265)
Trade and other payables and contract liabilities	(1,613)	(25,487)
Deferred grant income	-	239
Cash flows from (used in) operations	<u>40,322</u>	<u>(17,489)</u>
Income tax paid	(13,666)	(8,712)
Net cash flows from (used in) operating activities	<u>26,656</u>	<u>(26,201)</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(3,198)	(2,121)
Proceeds from disposal of property, plant and equipment	26	-
Purchase of intangible assets	(13)	(25)
Purchase of other financial assets	(1,341)	-
Interest received	524	506
Net cash flows used in investing activities	<u>(4,002)</u>	<u>(1,640)</u>
Cash flows from financing activities:		
Payment of lease liabilities	(920)	(812)
Increase in cash restricted in use	(66)	(177)
Net cash flows used in financing activities	<u>(986)</u>	<u>(989)</u>
Net increase (decrease) in cash and cash equivalents	21,668	(28,830)
Effects of exchange rate changes on cash and cash equivalents	430	1,839
Cash and cash equivalents, statement of cash flows, beginning balance	<u>328,361</u>	<u>235,416</u>
Cash and cash equivalents, statement of cash flows, ending balance Note A	<u>350,459</u>	<u>208,425</u>

Note A :

	Group	
	3 Months Ended 31.03.21	3 Months Ended 31.03.20
	\$'000	\$'000
Cash and bank balances	356,196	214,257
Less: Cash pledged and cash restricted in use	(5,737)	(5,832)
Cash and cash equivalents in the consolidated cash flow statement	<u>350,459</u>	<u>208,425</u>

STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2021

(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	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
Group										
Balance at 1 January 2021	341,606	343,990	20,618	(10,591)	328,641	(30)	6,139	322	(1,109)	(2,384)
<u>Movements in equity</u>										
Total comprehensive income (expense) for the period	39,480	39,526	-	-	37,899	1,627	-	-	-	(46)
Balance at 31 March 2021	<u>381,086</u>	<u>383,516</u>	<u>20,618</u>	<u>(10,591)</u>	<u>366,540</u>	<u>1,597</u>	<u>6,139</u>	<u>322</u>	<u>(1,109)</u>	<u>(2,430)</u>
Balance at 1 January 2020	236,658	238,581	20,618	(10,591)	223,277	(75)	6,139	322	(1,109)	(1,923)
<u>Movements in equity</u>										
Total comprehensive income (expense) for the period	14,176	14,393	-	-	13,280	1,113	-	-	-	(217)
Balance at 31 March 2020	<u>250,834</u>	<u>252,974</u>	<u>20,618</u>	<u>(10,591)</u>	<u>236,557</u>	<u>1,038</u>	<u>6,139</u>	<u>322</u>	<u>(1,109)</u>	<u>(2,140)</u>

STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 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 compen- sation reserves \$'000
Balance at 1 January 2021	327,838	20,618	(10,591)	317,489	322
<u>Movements in equity</u>					
Total comprehensive income for the period	14,390	-	-	14,390	-
Balance as at 31 March 2021	342,228	20,618	(10,591)	331,879	322
 Balance at 1 January 2020	 201,871	 20,618	 (10,591)	 191,522	 322
<u>Movements in equity</u>					
Total comprehensive income for the period	30,746	-	-	30,746	-
Balance as at 31 March 2020	232,617	20,618	(10,591)	222,268	322

NOTES TO FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

(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	
	2021	2020	2021	2020
At 1 January and 31 March	544,100,114	544,100,114	10,027	10,027

(b) Treasury Shares

	Group and Company		Group and Company	
	No. of shares		\$'000	
	2021	2020	2021	2020
At 1 January and 31 March	10,291,900	10,291,900	10,591	10,591

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

The total number of treasury shares as at 31 March 2021 and 31 December 2020 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.

- 3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

- (a) **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 2019 due to the following reasons and updates on the efforts to resolve each audit issue as follows:

- (i) Potential unrecorded transactions

As previously referred to Note 2.1 of the FY2019 annual report, transitional arrangements ceased on 30 June 2019 with the implementation of payment gateway solutions managed by third party promotion companies to assist franchisees with the payments of commissions to their sale representatives. From July 2019 onwards, franchisees paid 100% of the recommended retail price based on tax invoices issued and marketing fees paid through promotion companies of approximately 20% of the recommended retail price (which represent the previous trade rebates) were recorded as expenses, and net against revenue.

The issue is considered historical as it had been resolved with the completion of the transitional arrangements related to the Group's transition from the Export Model to the Franchisee Model from June 2018 to June 2019 and will not impact FY2020 and 1Q2021.

- (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 1Q2021 accounts.

(iii) Goods sold but undelivered in the previous financial year

There were no revenue cut off issues relating to goods sold but undelivered in the financial year ended 31 December 2019, hence opening balances for FY2020 are not an issue for the external auditor.

(iv) Legal review

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 the risks of operating in China.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.

The Board confirms that the impact of the disclaimer of opinion on the recent FY2019 financial statements has been adequately disclosed in the FY2019 annual report.

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 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.

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.

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 recognised directly in P&L as other income.

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 31.03.21	3 months ended 31.03.20	Change %
Earnings per share of Group:			
(a) Based on weighted average number of ordinary shares on issue (cts); and	6.97	2.44	185.7
(b) On a fully diluted basis (cts)	6.97	2.44	185.7

For comparative purposes, the earnings per ordinary shares for the three months ended 31 March 2021 and 31 March 2020 are calculated based on the profit for the period of approximately \$37.9 million and \$13.3 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the three months ended 31 March 2021 and 31 March 2020 is 544,100,114.

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	
	31.03.21	31.12.20	31.03.21	31.12.20
Net asset value per ordinary shares (cents)	70.49	63.22	62.90	60.25

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 31 March 2021 and 31 December 2010 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

The Group reported a total revenue of \$128.5 million for 1Q2021, representing an increase of 72.3% when compared to 1Q2020, due to increase in revenue from both our Direct Selling and Franchise segments.

On the back of the growth of the Group's revenue, cost of sales increased by 28.7% to \$29.0 million in 1Q2021. Due to the temporary preferential custom duty rates enjoyed by our China subsidiary since 3Q2020, gross profit margin was higher at 77.4% in 1Q2021 when compared to the same period last year. Compared to the gross profit margin of 76.8% achieved in 4Q2020, the said margin for 1Q2021 remained stable.

Profit attributable to owners of the parent company increased to \$37.9 million in 1Q2021, mainly due to the following factors:

- Other operating income of \$0.3 million in 1Q2021 relates mainly to certain government grants received during the quarter;
- On the back of increase of the Group's revenue, distribution costs increased to \$30.8 million for 1Q2021 mainly due to increase in freelance commissions of the Direct Selling segment and higher marketing expenses from our Franchise segment. As explained in the previous announcements, in accordance with the requirements of SFRS(I)15, the reclassification of consultancy fees paid relating to Franchise Segment to be netted off from revenue was effected in 4Q2020 (with comparative 4Q2019) results announcement, and such adjustment amounting to approximately \$3.1 million was not made to 1Q2020 results announcement previously. As a result, the rate of increase for distribution costs in 1Q2021 vis-à-vis 1Q2020 (which comprised consultancy fees) is lower when compared to the growth of revenue in the same period last year;
- Administrative expenses increased from \$15.9 million in 1Q2020 to \$23.0 million in 1Q2021 due to higher management and staff costs offsetting lower professional fees;
- Finance costs declined from \$126,000 in 1Q2020 to \$76,000 in 1Q2021 due to repayment of lease liability;
- Net other gains of \$3.0 million in 1Q2021 was mainly due to net foreign exchange gains from the revaluation of the Group's assets denominated in United States Dollars and Chinese Yuan, higher realised exchange gains from trade settlements in Chinese Yuan during the period as well as fair value gains on foreign exchange;
- Share of results of our joint venture in the Group's United Kingdom ("UK") joint venture Pedal Pulses Limited was \$0.3 million in 1Q2021 as compared to nil in 1Q2020 as the acquisition was completed in April 2020; and

- Share of losses in 1Q2021 for our associated company, Celligenics, remained relatively the same at \$49,000 when compared to the same period last year.

As a result of higher profit before tax and withholding taxes in relation to distributable profits from certain subsidiaries, the Group incurred higher income tax expense of \$12.0 million for 1Q2021. High effective tax rate was recorded in 1Q2020 of 35.3% was mainly due to effect of Group consolidation adjustment on unrealised profits on inventories held by our subsidiaries as at 31 March 2020.

Revenue by Business Segments

For Quarter: 1Q2021 Vs 1Q2020

Business Segment	3 months ended 31.03.21 Revenue		3 months ended 31.03.20 Revenue		Change
	\$'000	%	\$'000	%	
Direct Selling	54,240	42.2	34,847	46.7	55.7
Franchise	74,032	57.7	39,484	53.0	87.5
Others	188	0.1	219	0.3	(14.2)
Total	128,460	100.0	74,550	100.0	72.3

In line with previous quarter announcement, revenue from the Group's Direct Selling segment increased by 55.7% or \$19.4 million when compared to 1Q2020, mainly attributable to growth contribution from the Group's key markets of Singapore, Taiwan, Malaysia, Hong Kong and online markets of Australia, New Zealand and the United States.

As at 31 March 2021, the Group has 159,831 members for its Direct Selling segment, representing a 3.5% increase when compared to 4Q2020.

The Export segment, which mainly refers to export sales to Myanmar, are not expected to have any material contribution to the Group moving forward. With effect from this quarter, Export segment as well as Manufacturing/Wholesale segment shall be categorised under Others. Due to the political instability in Myanmar, export sales to Myanmar declined from \$40,000 in 1Q2020 to \$10,000 in 1Q2021. As a result, Other segment declined to \$188,000 in 1Q2021 as compared to \$219,000 in 1Q2020.

Our franchisees' operations were disrupted to a large extent in 1Q2020 by lockdowns, resulting in cancellation of all major marketing events. With the easing of such restrictions in the later months of FY2020, coupled with smaller scale albeit more frequent online/offline marketing activities and trainings, our China management team was able to roll out its marketing strategies, all while staying well connected to our franchisees and customers. Management and franchisees were able to leverage on this growth momentum of underlying market demand, hence achieving revenue growth of 87.5% for Franchise segment, from \$39.5 million in 1Q2020 to \$74.0 million in 1Q2021.

As at 31 March 2021, our China subsidiary has 39 franchisees located in twelve provinces and one municipality in mainland China.

Revenue by Geographical Locations

For Quarter: 1Q2021 Vs 1Q2020

Geographical Locations	3 months ended 31.03.21 Revenue		3 months ended 31.03.20 Revenue		Change
	\$'000	%	\$'000	%	%
Singapore	8,332	6.5	3,194	4.3	160.9
China	74,210	57.8	39,663	53.2	87.1
Taiwan	29,392	22.9	22,232	29.8	32.2
Malaysia	7,020	5.4	4,347	5.8	61.5
Others	9,506	7.4	5,114	6.9	85.9
Total	128,460	100.0	74,550	100.0	72.3

Singapore

Revenue from Singapore increased by 160.9% to \$8.3 million in 1Q2021 mainly attributable to the momentum from past quarters cum higher consumer demand as a result of increased social media presence of DR's Secret as well as successful marketing programs during the reporting quarter. In addition, due to the prevalence of online trainings, management were able to work more closely than before with distributors to train, strategize and implement marketing plans.

China

The Group generates its revenue in China primarily via its Franchise segment and to a minimal extent, through its health supplements Manufacturing/Wholesale business based in Hangzhou. Building on the factors highlighted above in the Franchise segment, the easing of inter-province travel restrictions and the rollout of Covid-19 vaccines in China have all positively impacted the market for our franchisees. As a result, revenue from China increased by 87.1% to \$74.2 million in 1Q2021.

Taiwan

Taiwan's revenue increased by 32.2% to \$29.4 million in 1Q2021 mainly due to increasing new members through online interactions, such as Facebook, zoom trainings, as well as offline activities and marketing events widely covered through social medias. As a result, more orders were made online via our mobile app (BWL Mobile) when compared to the same period last year.

Malaysia

Despite the extension of Conditional Movement Control Order (CMCO) since 4Q2020, revenue from Malaysia continued its quarter-on-quarter upward trend. The 61.5% growth vis-à-vis the same quarter last year was mainly due to the increase in number of young, driven and tech-savvy distributors, who were able to leverage on marketing programs developed by local management to reach out and engage with new and existing member users throughout Malaysia via social media apps.

Others

Revenue from other markets increased by 85.9% in 1Q2021 when compared to 1Q2020 mainly due to growth contribution from Indonesia, Hong Kong as well as online markets such as Australia, New Zealand and the United States. This is due to increase in awareness of DR's Secret leading to more online orders, offsetting decline from markets of Thailand, Philippines and Vietnam.

Financial Position and Cash Flow

Non-current assets of the Group increased from \$108.2 million as at 31 December 2020 to \$111.4 million as at 31 March 2021, mainly attributable to increase of Property, Plant and Equipment in relation to construction in progress for our Tuas facility and deferred tax assets due to unrealised profits on inventories offsetting decrease in right-of-use assets. As at 31 March 2021, the Company is in the process of finalising the purchase price allocation exercise and identifying the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition of Pedal Pulses Limited.

Inventories declined to \$98.6 million as at 31 March 2021 when compared to \$102.4 million as at 31 December 2020 as the Group is currently operating at a sufficient inventory level to sustain growth moving forward.

Trade and other receivables increased to \$11.0 million as at 31 March 2021 mainly due to higher trade receivables from certain subsidiaries with higher transactions pending clearance from payment service providers as well as higher VAT receivables from our Hunan branch of our China subsidiary.

Other assets increased from \$17.4 million as at 31 December 2020 to \$22.7 million as at 31 March 2021 mainly due to higher deposits made to trade suppliers and for the purchase of equipment for our Tuas facility.

Income tax payable decreased from \$36.7 million as at 31 December 2020 to \$35.1 million as at 31 March 2021 due to income tax paid during the period.

Trade and other payables decreased from \$174.0 million as at 31 December 2020 to \$170.9 million as at 31 March 2021 mainly due to payments made in relation to management and staff incentives during the period, offsetting higher accruals for sales related expenses from Franchise segment for the month of March 2021.

Contract liabilities increased from \$6.8 million as at 31 December 2020 to \$7.9 million as at 31 March 2021 mainly due to higher deposits received from customers.

Other financial liabilities was lower at \$139,000 as at 31 March 2021 as compared to \$800,000 as at 31 December 2020 mainly due to reversal of fair value losses on our remaining forward exchange derivatives.

Total lease liabilities decreased from \$9.5 million as at 31 December 2020 to \$8.7 million as at 31 March 2021 mainly due to payment of lease liabilities.

Other liabilities were maintained at \$1.3 million as at 31 March 2021 vis-à-vis 31 December 2020.

In 1Q2021, net cash flows from operating activities of \$26.7 million was mainly attributable to the Group's net profit before tax of \$49.8 million, offsetting changes in working capital as a result of lower trade and other payables, higher trade and other receivables and other assets as well as income tax paid during the period. Net cash flow used in investing activities of \$4.0 million was mainly due to purchase of property, plant and equipment in relation to our Tuas facility as well as purchase of other financial assets. Net cash flow used in financing activities of \$1.0 million was mainly due to the lease liabilities paid in 1Q2021.

As at 31 March 2021, the Group maintained approximately \$356.2 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 we are witnessing the gradual rollout of the Covid-19 vaccine in certain markets for certain groups of people, most of the markets the Group operate in is still under the looming threat of virus variants and second wave of infections. As a result, management will still be predominantly relying on online marketing programs and will hence maintain a cautious 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:

- As mentioned previously, the preferential custom duty rates that our China subsidiary is enjoying, will not be permanent. Should the customs authorities (General Administration of Customs People's Republic of China) remove the benefit, the Group's gross profit margin will be negatively impacted;
- Delays for both incoming and outgoing shipments are still common moving forward due to reduced number of flight and port congestion. All these translates to escalated freight charges or loss of revenue due to inventory shortages, directly affecting the bottom line of the Group;
- With travel restrictions not showing signs of easing, the Site Acceptance Testing (SAT) of the machines in relation to the Group's Tuas manufacturing facility may subject to further delays or higher costs to the Group;
- Professionals are engaged from time to time to render services, which include but are not limited to, identify and assess M&A and corporate development opportunities, ensure the Group's operations adhere to all relevant local regulations in the jurisdictions it operates in, etc. The Group still expects professional fees related to works performed towards the lifting of trade suspension by SGX;
- As the Group is still ramping up in talent acquisition for both HQ and certain subsidiaries, higher administrative expenses are expected. Management also anticipates 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 either positively or negatively. Meanwhile, management actively undertakes measures to mitigate such potential risks.

Other ongoing factors that may affect the Group's performance include timeline for product license registration and renewal in key markets, natural disasters, unanticipated regulatory changes in key markets we operate in and disruptions from competitors and disgruntled customers.

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/recommended by the Board for the financial period ended 31 March 2021 as the Board has opted to conserve cash in the face of the Group's current circumstances and uncertain business climate, taking into consideration short and medium commitments. The Board will review the Group's dividend policy at a more appropriate juncture.

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.

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 three months ended 31 March 2021 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

10 May 2021