

BEST WORLD INTERNATIONAL LIMITED

Company Registration No. 199006030Z

RESPONSES TO SGX QUERIES IN RELATION TO RESULTS ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

The Board of Directors (the "Board") of Best World International Limited (the "Company", and together with its subsidiaries, the "Group") refers to the unaudited Financial Statements and Related Announcement for the period ended 31 March 2021 (the "1Q2021 Results Announcement") released on SGXNet on 10 May 2021 and the queries from the Singapore Exchange Securities Trading Limited ("SGX-ST") received on 27 May 2021 (the "Queries") and wishes to provide further information to shareholders in relation to the 1Q2021 Results Announcement.

Query:

a) Please explain why interest income amounted to only \$524,000 during the financial period ended 31/03/21 when the Company has significant cash and bank balance amounting to \$356,196,000.

Response:

Interest income amounted to \$524,000 for the 3 months ended 31/03/2021 mainly due to low interest rate on fixed deposits offered by banks during the financial period ended 31/03/2021. Other than the above deposits, the Group's balance cash and cash equivalents, which were kept liquid and accessible for urgent deployment such as for the construction of the Group's manufacturing facility, were placed in current accounts which offer negligible interest.

Query:

b) Please disclose a breakdown of trade and other payables/other payables amounting to \$170,897,000 as at 31/03/21. For trade and other payables, please disclose the aging and nature of these trade and other payables and whether the counterparties are related parties.

Response:

Breakdown of trade and other payables as follows:

	As at 31.03.2021	Nature
	\$'000	
Trade payables	2,961	Payables owing to trade suppliers
Other payables	63,636	Payables owing to non-trade suppliers, marketing fees payables to promotional companies, value-added tax payables and GST payables. Includes dividend payables of \$2.3 million owing to D2 Investment Pte. Ltd., held in escrow.
Accruals	104,300	Mainly relates to accruals of commissions, convention expenses and accruals for management and staff incentives.
Total	170,897	

Aging of trade and other payables as at 31/3/2021: -

	Within 1 month	1 to 2 months	2 to 3 months	Over 3 months	Not Aged (*)	Total balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade payables	2,900	-	7	54	-	2,961
Other payables	52,437	4,165	778	2,582	3,674	63,636
Accruals	-	-	-	-	104,300	104,300
Total	55,337	4,165	785	2,636	107,974	170,897

Except for the 1H2019 dividends payable to D2 Investment Pte. Ltd., which is held in escrow and recorded as part of other payables, none of the counterparties are related parties.

(*) certain other payables and accruals are not aged due to its nature

Query:

- c) *It is disclosed on page 5 of the unaudited Financial Statements that a mortgaged investment property of a subsidiary has a carrying value of \$Nil as at 31 March 2021 (31 December 2020: \$1,109,000), while on page 2 where the consolidated group balance sheet is shown, the carrying value of the investment property is stated to be \$1,104,000 as of 31 March 2021 and \$1,109,000 as of 31 December 2020. In this regard, please clarify the following:-*
- i) *Are the investment properties disclosed in the balance sheet on page 2, different from the investment property mortgaged to banks to secure bank facilities stated on page 5*
 - ii) *Please disclose the details of the mortgaged investment property and the subsidiary that is holding the mortgaged investment property*
 - iii) *How the amount of carrying value of investment property is determined and valued; the basis and the date of such valuation*
 - iv) *The reason for the fair value loss with respect to the mortgaged investment property; if applicable*
 - v) *The Board's confirmation as to whether it is satisfied with the reasonableness of the methodologies used to determine amount of fair value loss; if applicable*
 - vi) *How is the fair value loss to the mortgaged investment property treated and disclosed in the consolidated statement of profit or loss; if applicable*

Response:

- i) The investment property disclosed in the balance sheet on page 2, is the same as the investment property mortgaged to banks to secure bank facilities stated on page 5.

The banking facilities with the relevant bank that was pledged the above-mentioned property previously, had been recently discontinued, therefore, the mortgaged investment property is disclosed as Nil in the results announcement.
- ii) The investment property is a leasehold 2-storey shop unit located at Block 726 Ang Mo Kio Avenue 6 #01-4150, Singapore 560726 and is held by Best World Lifestyle Pte Ltd.
- iii) The investment property is initially measured at cost at acquisition date in 2004, including transaction costs. Subsequent to initial recognition, the investment property is measured at cost less any accumulated depreciation and accumulated impairment losses. Depreciation is computed on a straight-line basis over the remaining useful life.

- iv) There is no fair value loss with respect to the mortgaged investment property. Refer to response (i) above.
- v) Not applicable
- vi) Not applicable

BY ORDER OF THE BOARD

Huang Ban Chin
Director and Chief Operating Officer
2 June 2021