

**NUTRYFARM INTERNATIONAL LIMITED. (Incorporated in Bermuda)  
AND SUBSIDIARIES**

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS  
("2Q2022") AND SIX MONTHS ("1HFY2022") ENDED  
31 MARCH 2022

Table of Contents

A	Condensed interim consolidated statement of profit or loss and other comprehensive income	3
B	Condensed interim statements of financial position	4
C	Condensed interim statements of changes in equity	5-6
D	Condensed interim consolidated statement of cash flows	7
E	Notes to the condensed interim consolidated financial statements	8-16
F	Other information required by Listing Rule Appendix 7.2	17-22

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	3 Months Ended 31.3			6 Months Ended 31.3		
		FY2022	FY2021	Change	FY2022	FY2021	Change
		HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Revenue</b>	<b>4</b>	13,956	40,956	(66)	33,220	55,647	(40)
Cost of sales		(9,167)	(33,416)	(73)	(21,147)	(42,726)	(51)
<b>Gross profit</b>		4,789	7,540	(36)	12,073	12,921	(7)
Other income		312	50	524	551	51	980
Distribution expenses		(910)	(983)	(7)	(1,601)	(1,895)	(16)
Administrative expenses		(5,558)	(3,859)	44	(13,450)	(7,346)	83
Finance costs		(1,909)	(1,996)	(4)	(3,806)	(3,949)	(4)
Other expenses		(406)	(304)	34	(1,643)	(539)	205
<b>Loss before income tax</b>	<b>6</b>	(3,682)	448	NM	(7,876)	(757)	940
Income tax (expense) benefit	<b>7</b>	(226)	9	NM	(3,832)	256	NM
<b>(Loss) profit for the period</b>		(3,908)	457	NM	(11,708)	(501)	2,237
<b>(Loss) profit attributable to:</b>							
Equity holders of the Company		(3,908)	457	NM	(11,708)	(501)	2,237
Non-controlling interest		-	-	NM	-	-	NM
<b>(Loss) profit for the period</b>		(3,908)	457	NM	(11,708)	(501)	2,237
<b>Other comprehensive income</b>							
Items that are or may be reclassified subsequently to profit or loss:							
Currency translation differences arising on consolidation, net of tax		938	262	258	2,063	205	906
<b>Total comprehensive income for the period</b>		(2,970)	719	NM	(9,645)	(296)	3,152
<b>Total comprehensive income attributable to:</b>							
Equity holders of the Company		(2,970)	719	NM	(9,645)	(296)	3,158
Non-controlling interest		-	-	NM	-	-	NM
<b>Total comprehensive income for the period</b>		(2,970)	719	NM	(9,645)	(296)	3,158

NM - Not meaningful

The corresponding period refers to 6 months from 1 October 2020 to 31 March 2021 ("1H2021")

The corresponding quarter end refers to 3 months from 1 January 2021 to 31 March 2021 ("2Q2021")

**B. Condensed interim statements of financial position**

	Note	The Group		The Company	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		As at 31/3/2022	As at 30/09/2021 Unaudited	As at 31/3/2022	As at 30/09/2021 Unaudited
<b>Non-current assets</b>					
Investment in subsidiaries	11	-	-	63,754	63,754
Property, plant and equipment	10	18,796	18,567	-	-
Intangible assets		655	640	-	-
Other receivables	13a	1,445	1,202	-	-
		20,896	20,409	63,754	63,754
<b>Current assets</b>					
Inventories	12	15,615	16,642	-	-
Trade receivables	13b	22,525	16,441	-	-
Prepayments, deposits and other receivables	13b	72,687	36,853	133	133
Amounts due from subsidiaries		-	-	155,498	155,498
Cash and cash equivalents	14	4,417	48,469	85	11,427
		115,244	118,405	155,716	167,058
<b>Current liabilities</b>					
Trade and other payables	15	58,291	56,042	28,318	25,753
Contract liabilities		322	322	-	-
Income tax payable		3,636	3	-	-
Short term loans	16	143,281	98,027	127,251	82,380
Amount due to subsidiaries		-	-	61,801	68,470
		205,530	154,394	217,370	176,603
<b>Net current liabilities</b>		(90,286)	(35,989)	(61,654)	(9,545)
<b>Non-current liabilities</b>					
Finance Lease payables		83	83	-	-
Long term loans	16	-	44,165	-	44,165
		83	44,248	-	44,165
<b>Net (liabilities) assets</b>		(69,473)	(59,828)	2,100	10,044
<b>Equity</b>					
<b>Capital and reserves attributable to equity shareholders of the Company</b>					
Share capital	17	13,742	13,742	13,742	13,742
Reserves		(82,240)	(73,595)	(11,642)	(3,698)
<b>Total (deficit) equity attributable to equity holders of the Company</b>		(69,498)	(59,853)	2,100	10,044
Non-controlling interests		25	25	-	-
<b>Net (deficit) equity</b>		(69,473)	(59,828)	2,100	10,044



NUTRYFARM INTERNATIONAL LIMITED.

C. Condensed interim statements of changes in equity

Group	Share capital HK\$'000	Share premium HK\$'000	Contribution surplus reserve HK\$'000	Currency translation reserve HK\$'000	Fair value reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interest HK\$'000	Total equity/ (deficit) HK\$'000
<b>Balance at 30 September 2020</b>	<b>9,642</b>	<b>315,301</b>	<b>119,560</b>	<b>(7,531)</b>	<b>(45,505)</b>	<b>(384,112)</b>	<b>7,355</b>	-	<b>7,355</b>
Loss for the year	-	-	-	-	-	(112,152)	(112,152)	(3)	(112,155)
Share placement	4,100	37,199	-	-	-	-	41,299	28	41,327
Other comprehensive income for the year, net of tax:									
-Currency translation differences arising on consolidation	-	-	-	3,645	-	-	3,645	-	3,645
Total comprehensive income for the year	4,100	37,199	-	3,645	-	(112,152)	(67,208)	25	(67,183)
<b>Balance at 30 September 2021</b>	<b>13,742</b>	<b>352,500</b>	<b>119,560</b>	<b>(3,886)</b>	<b>(45,505)</b>	<b>(496,264)</b>	<b>(59,853)</b>	<b>25</b>	<b>(59,828)</b>
Loss for the year	-	-	-	-	-	(11,708)	(11,708)	-	(11,708)
Other comprehensive income for the year, net of tax:									
-Currency translation differences arising on consolidation	-	-	-	2,063	-	-	2,063	-	2,063
Total comprehensive income for the year	-	-	-	2,063	-	(11,708)	(9,645)	-	(9,645)
<b>Balance at 31 March 2022</b>	<b>13,742</b>	<b>352,500</b>	<b>119,560</b>	<b>(1,823)</b>	<b>(45,505)</b>	<b>(507,972)</b>	<b>(69,498)</b>	<b>25</b>	<b>(69,473)</b>



**NUTRYFARM INTERNATIONAL LIMITED.**

<b>Company</b>	Share capital HK\$'000	Share premium HK\$'000	Contribution surplus reserve HK\$'000	Currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total (deficit)/ equity HK\$'000
<b>Balance at 30 September 2020</b>	<b>9,642</b>	<b>315,301</b>	<b>119,560</b>	<b>(5,214)</b>	<b>(453,350)</b>	<b>(14,061)</b>
Loss for the year	-	-	-	-	(17,194)	(17,194)
Share placement	4,100	37,199				41,299
Other comprehensive income for the year, net of tax:						
-Currency translation differences arising on consolidation	-	-	-	-	-	-
Total comprehensive income for the year	4,100	37,199	-	-	(17,194)	24,105
<b>Balance at 30 September 2021</b>	<b>13,742</b>	<b>352,500</b>	<b>119,560</b>	<b>(5,214)</b>	<b>(470,544)</b>	<b>10,044</b>
Loss for the year	-	-	-	-	(7,945)	(7,945)
Other comprehensive income for the year, net of tax:						
-Currency translation differences arising on consolidation	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(7,945)	(7,945)
<b>Balance at 31 March 2022</b>	<b>13,742</b>	<b>352,500</b>	<b>119,560</b>	<b>(5,214)</b>	<b>(478,488)</b>	<b>2,100</b>

**D. Condensed interim consolidated statements of cash flows**

	<b>6 Months Ended 31 March 2022</b>	<b>6 Months Ended 31 March 2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(7,876)	(757)
Adjustments for:		
Depreciation of property, plant and equipment	468	583
Finance costs	3,806	3,949
Interest income	-	(1)
Inventories written down	-	451
Unrealised foreign exchange loss	968	(177)
<b>Operating cash flows before changes in working capital</b>	<b>(2,634)</b>	<b>4,048</b>
Decrease/(increase) of inventories	1,027	(2,735)
Increase of trade and other receivables	(43,989)	(6,605)
Increase/(decrease) of trade and other payables	2,249	(3,631)
<b>Cash used in operations</b>	<b>(43,347)</b>	<b>(8,923)</b>
Income tax (paid) benefit	-	256
<b>Net cash flows used in operating activities</b>	<b>(43,347)</b>	<b>(8,667)</b>
<b>Cash flows from investing activities</b>		
Interest received	-	1
Purchase of intangible assets	-	(533)
Purchase of property plant and equipment	(697)	-
Refund from proposed acquisition	-	1,901
Refund for PPE refund agreement	1,828	-
<b>Net cash generated from investing activities</b>	<b>1,131</b>	<b>1,369</b>
<b>Cash flows from financing activities</b>		
Interest paid	(1,837)	(1,953)
Proceeds from share issuance	-	4,396
<b>Net cash (used in)/generated from financing activities</b>	<b>(1,837)</b>	<b>2,443</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(44,053)</b>	<b>(4,855)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>48,469</b>	<b>8,689</b>
<b>Effect of foreign exchange rate changes</b>	<b>1</b>	<b>(57)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>4,417</b>	<b>3,777</b>

## E. Notes to the condensed interim consolidated financial statements

### 1. Corporate information

NutryFarm International Limited (the “Company”) is a company incorporated in Bermuda with limited liability under the Bermuda Companies Act 1981 and listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The registered office at Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The Company’s principal office in Hong Kong is located at Room 1916, 19/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 11

### 2. Basis of preparation

The condensed interim financial statements for the three months (“2Q2022”) and six months ended 31 March 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed 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 to an understanding of the changes in the Group’s financial position and the performance of the Group since the last interim financial statements ended 31 December 2021.

The prior period comparatives as at 31 December 2020 and for the 3-months period then ended (“1Q2021”) do not include the durian trading business out of Thailand (the “Thai Durian Business”). As announced separately, the durian trading out of Thailand (the “Thai Durian Business”) operated and overseen by Cheng Meng cannot be verified nor substantiated and thus the Group can only recognise the Thai Durian Business transactions for the period from January 2021 to March 2021 for the FY2021 results, where the sales and purchases were fully captured, and that the payments to suppliers and from customers were made directly with the Group. Accordingly, the Group has prepared its financial results for the financial year ended 31 March 2022 by removing all the Thai Durian Business transactions operated and overseen by Cheng Meng which cannot be verified nor substantiated.

The condensed interim financial statements are presented in Hong Kong Dollars (“HK\$”) and are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

There were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 30 September 2020, which were in accordance with IFRS.

#### 2.2 Use of judgements and estimates

The preparation of the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 consolidated financial statements as at and for the year ended 30 September 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### 3. Seasonal operations

Except for the fruit trading business, the Group’s other businesses are not affected significantly by seasonal or cyclical factors during the financial period.



#### 4. Segment and revenue information

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group is principally engaged in three reportable segments, namely “Internet Management”, “Fruit Business”, “Nutrition Business”. Information regarding the Group’s reporting segments is presented below

	<u>3 months period ended 31 March 2022</u>				<u>3 months period ended 31 March 2021</u>			
	Internet Management	Fruit Business	Nutrition Business	Total	Internet Management	Fruit Business	Nutrition Business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b>								
Sales to external customers	-	677	13,279	13,956	-	27,948	15,008	42,956
<b>Segment Profit/(loss)</b>	(378)	(705)	848	(235)	(518)	2,473	2,322	4,277
<b>Unallocated</b>	-							
Administrative expenses				(1,538)				(1,833)
Finance costs				(1,909)				(1,996)
Segment operating profit				(3,682)				448
Taxation				(226)				9
Profit/(loss) for the year				(3,908)				457
-	-							
<b>Other Segment information</b>	-							
(Reversal)/allowance for Inventories, net	-	-	-	-	-	-	216	216

	<u>6 months period ended 31 March 2022</u>				<u>6 months period ended 31 March 2021</u>			
	Internet Management	Fruit Business	Nutrition Business	Total	Internet Management	Fruit Business	Nutrition Business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b>								
Sales to external customers	-	2,075	31,145	33,220	-	27,948	29,699	57,647
<b>Segment Profit/(loss)</b>	(803)	(2,424)	3,327	100	(1,036)	2,473	4,170	5,607
<b>Unallocated</b>								
Administrative expenses				(4,170)				(2,415)
Finance costs				(3,806)				(3,949)
Segment operating profit				(7,876)				(757)
Taxation				(3,832)				256
Profit/(loss) for the year				(11,708)				(501)
<b>Other Segment information</b>								
(Reversal)/allowance for Inventories, net	-	-	-	-	-	-	451	451

#### Segment assets and liabilities

	<u>6 months period ended 31 March 2022</u>				<u>6 months period ended 31 March 2021</u>			
	Internet Management	Fruit Business	Nutrition Business	Total	Internet Management	Fruit Business	Nutrition Business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment assets</b>	4,711	13,099	117,481	135,291	94,596	2,403	93,132	190,131
Unallocated				849				1,636
				136,140				191,767
<b>Segment liabilities</b>	(10,479)	(6,256)	(33,309)	(50,044)	(6,144)	(1,089)	(29,125)	(36,358)
Unallocated				(155,569)				(144,673)
				(205,613)				(181,031)

### Geographical information

In FY2022 and FY2021, The following table provides an analysis of the Group's revenue from external customers based on the geographical location where revenue is generated:

	Group Revenue		Group Revenue	
	3 months ended 31 March 2022 HK\$'000	3 months ended 31 March 2021 HK\$'000	6 months ended 31 March 2022 HK\$'000	6 months ended 31 March 2021 HK\$'000
People's Republic of China	13,776	42,956	31,642	57,647
Singapore	180	-	1,578	-
	<u>13,956</u>	<u>42,956</u>	<u>33,220</u>	<u>57,647</u>

### 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2022 and 30 September 2021.

	The Group		The Company	
	31 March 2022 HK\$'000	30 September 2021 HK\$'000	31 March 2022 HK\$'000	30 September 2021 HK\$'000
		Unaudited		Unaudited
<b>Financial Assets</b>	99,164	100,061	155,716	167,058
<b>Financial Liabilities</b>	205,291	198,320	217,370	220,768

### 6. Profit before taxation

#### 6.1 Significant items

	The Group	
	6 months ended 31 March 2022 HK\$'000	6 months ended 31 March 2021 HK\$'000
<b>Expenses</b>		
Interest on borrowings	3,806	3,949
Depreciation of property, plant and equipment	468	583

#### 6.2 Related party transaction

There is no material related party transaction apart from those disclosed elsewhere in the financial statements.

### 7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group	
	6 months ended 31 March 2022 HK\$'000	6 months ended 31 March 2021 HK\$'000
Current year	211	(256)
(Under) over provision in prior year	3,621	-
	<u>3,832</u>	<u>(256)</u>

## 8. Earnings/Loss Per Share

	The Group		The Group	
	3 months ended 31 March 2022	3 months ended 31 March 2021	6 months ended 31 March 2021	6 months ended 31 March 2021
	HK\$ cents	HK\$ cents	HK\$ cents	HK\$ cents
a) Based on the weighted average number of ordinary share in issue; and	(2.84)	0.40	(8.52)	(0.43)
b) On a fully diluted basis	(2.84)	0.40	(8.52)	(0.43)

Note to 8(a): For 2Q2022, the calculation of basic loss per share was based on loss attributable to equity holders of the Group of HK\$11,708,000 and the weighted average of 137,422,103 ordinary shares in issue.

For corresponding period ended 31 March 2021 (“2Q2021”), the calculation of basic loss per share was based on the loss attributable to equity holders of the Group of HK\$501,000 and the weighted average of 115,422,103 ordinary shares in issue.

Note to 8(b): Fully diluted profit/(loss) per share same as basis loss per share as there were no potential dilutive ordinary shares for the financial year ended 31 March 2022 and 31 March 2021.

## 9. Net Assets (Liabilities) Value

	The Group		The Company	
	31 March 2022	30 September 2021	31 March 2022	30 September 2021
	HK\$ cents	HK\$ cents	HK\$ cents	HK\$ cents
Net assets (liabilities) value per ordinary share	(50.55)	Unaudited (43.54)	1.53	Unaudited 7.31

The calculation of net asset (liabilities) value per share of the Group was based on the Group’s net liabilities value of HK\$69,473,000 (net liabilities at 30 September 2021: HK\$59,828,000) and 137,422,103 ordinary shares in issue as at 31 March 2022 (at 30 September 2021: 137,422,103)

The calculation of net asset (liabilities) value per share of the Company was based on the Company’s net assets value of HK\$2,100,000 (net assets at 30 September 2021: HK\$10,044,000) and 137,422,103 ordinary shares in issue as at 31 December 2021 (at 30 September 2021: 137,422,103)

## 10. Property, plant and equipment

Property, plant and equipment (“PPE”), which includes right of use of assets and intangible assets as at 31 March 2022 was HK\$19.5 million as compared to HK\$19.2 million as at 30 September 2021. No significant movement during the period.

As at 31 March 2022, the entire land use right is pledged in connection with a bank loan.

**11. Subsidiaries**

	The Company	
	31 March 2022	30 September 2021
	HK\$'000	HK\$'000
Unquoted equity shares at cost	136,850	134,228
Less: allowance for impairment losses	(73,096)	(73,096)
Addition from new incorporation of subsidiaries	-	2,622
<b>Total</b>	<b>63,754</b>	<b>63,754</b>

Name of subsidiaries	Note	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest	
				31 March 2022	30 September 2021
				%	%
<b>Held by the Company</b>					
Nutryfarm Biomedicine International Limited		Investment holdings	BVI	100	100
LottVision Holdings Limited		Investment holdings	BVI	100	100
Global Agricapital Holdings Pte Ltd		Sales of fruits	Singapore	100	100
<b>Held by Subsidiaries</b>					
LottVision Gtech Management Ltd.		Investment holdings	BVI	100	100
LottVision (Hong Kong) Limited		Investment holdings	Hong Kong	100	100
LottVision Investment Holdings Limited		Investment holdings	BVI	100	100
LottVision Internet Management Limited		Development and sale of digital video surveillance products and solutions	BVI	100	100
WiVision Network Digital Video Technology (Beijing) Co. Limited		Provision of internet related support services	The PRC	100	100
Nutryfarm (Chengdu) Biomedicine Limited		Research and development, production and sale of health food, food supplement and nutrition products	The PRC	100	100
Global Agricapital (Thailand) Co., Ltd		Sales of fruits	Thailand	100	100
Kong Jun Global Pte Ltd		Sales of fruits	Singapore	51	51
Global Agricapital (Singapore) Pte Ltd		Sales of fruits	Singapore	100	-

**12. Inventories**

	The Group		The Company	
	31 March 2022	30 September 2021	31 March 2022	30 September 2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Unaudited		Unaudited
Raw material	9,976	9,952	-	-
Work-in-progress	433	2,567	-	-
Finished goods	5,206	4,483	-	-
Total	15,615	16,642	-	-

**13a. Trade receivables**

	The Group		The Company	
	31 March 2022	30 September 2021	31 March 2022	30 September 2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Unaudited		Unaudited
Trade receivables	37,044	30,639	-	-
Less: Allowance for credit losses	(14,519)	(14,198)	-	-
	22,525	16,441	-	-

**13b. Prepayment, deposits and other receivables**

	The Group		The Company	
	31 March 2022	30 September 2021	31 March 2022	30 September 2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Unaudited		Unaudited
Deposits	249	183	-	-
Prepayments	3,355	2,904	133	133
Advances to suppliers	27,540	20,161	-	-
Advances to third parties	42,249	42,796	-	-
Advances to a related party	38,682	8,028	-	-
Advances for proposed acquisition <sup>(1)</sup>	59,205	59,205	-	-
Refundable deposit from equipment refund agreement <sup>(2)</sup>	37,900	39,728	-	-
Others	6,512	6,061	-	-
	215,692	179,066	133	133
Less: Allowance for credit losses				
Advances to suppliers	(21,761)	(19,900)	-	-
Advances to third parties	(21,613)	(21,097)	-	-
Advances for proposed acquisition	(59,205)	(59,205)	-	-
Refundable deposit from equipment refund agreement	(37,900)	(39,728)	-	-
Others	(1,081)	(1,081)	-	-
	74,132	38,055	133	133
Presented on the statement of financial position as:				
Non-current	1,445	1,202	-	-
Current	72,687	36,853	133	133
	74,132	38,055	133	133

(1) Relating to proposed acquisition of First Linkage from Mr. Xiaoxin Wang.

(2) Relating to the Equipment Refund Agreement with Zhonglian Shengtong, an indirect wholly-owned subsidiary of First Linkage.

**14. Cash and bank balances**

	The Group		The Company	
	31 March 2022	30 September 2021	31 March 2022	30 September 2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Unaudited		Unaudited
Cash in hand	63	69	-	-
Bank balances	4,354	48,400	85	11,427
Cash and cash equivalents in the consolidated statement of cash flows	4,417	48,469	85	11,427

**15. Trade and other payables**

	The Group		The Company	
	31 March 2022	30 September 2021	31 March 2022	30 September 2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Unaudited		Unaudited
Trade payables	11,298	11,902	-	-
Accrued of expenses	26,312	23,861	14,690	13,803
Accrued interest expenses	9,829	8,230	9,829	8,300
Director fees payable	2,616	2,173	2,616	2,173
Amount due to a former director	1,183	1,183	1,183	1,183
Amount due to a director	1,822	1,802	-	-
Amount due to a related party	-	-	-	-
Advance received from third parties	5,231	6,891	-	-
Total other payables	46,993	44,140	28,318	25,753
Total trade and other payables	58,291	56,042	28,318	25,753

**16. Borrowings**

	The Group		The Company	
	31 March 2022	30 September 2021	31 March 2022	30 September 2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Unaudited		Unaudited
Borrowings	-	44,165	-	44,165
Amount repayable within one year or on demand				
Secured	16,030	15,647	-	-
Unsecured	127,251	82,380	127,251	82,380
Total	143,281	98,027	127,251	82,380
Total borrowings	143,281	142,192	127,251	126,545

## 17. Share capital

	The Group		The Company	
	31 March 2022	30 September 2021	31 March 2022	30 September 2021
	No. of shares	No. of shares	No. of shares	No. of shares
Authorized	1,750,000,000	Unaudited 1,750,000,000	1,750,000,000	Unaudited 1,750,000,000
Issued and fully paid				
At beginning	137,422,103	96,422,103	137,422,103	96,422,103
Additional: share capital	-	41,000,000	-	41,000,000
At end of the period	137,422,103	137,422,103	137,422,103	137,422,103

The Company did not hold any treasury shares as at 31 March 2022.

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2022 and 30 September 2021.



## F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

### 1. REVIEW

The condensed interim balance sheets of Nutryfarm International Limited and its subsidiaries as at 31 March 2022 and the related condensed interim consolidated income statement, condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated cash flow statement for the three-month period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

**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.

With reference to the latest audited financial statements for the financial period ended 30 September 2020 ("FY2020"), the Company's independent auditors, Baker Tilly TFW LLP, has issued a "disclaimer opinion" on the basis of the following:

##### (1) Refundable advances for proposed acquisition

On 8 September 2021, the Company received a Notice of Compliance ("NOC") from the Singapore Exchange Regulation (SGX RegCo) to appoint a suitable independent reviewer to conduct an investigation into the facts and circumstances relating to, amongst other matters, the proposed acquisition which was subsequently terminated giving rise to the refundable advances. In compliance with the NOC from SGX RegCo, the Company has since appointed an independent investigator and the investigation is currently still in progress.

As at 30 September 2021, a total of HK\$2,771,000 has been refunded by the vendor since with an outstanding balance of HK\$59,205,000. On 30 September 2021, the Group entered into a Repayment Agreement with the vendor to refund the outstanding balance in RMB60 million to the Group over a 3.5-year period commencing from 1 October 2021. At the date of this announcement, the vendor has yet to meet any of the payment milestones in accordance with the Repayment Agreement.

Management has assessed that the risk of default from the Repayment Agreement has increased significantly given that the vendor has defaulted on the payment milestones. As such, a loss allowance has been made for the entire amount of the refundable advances in FY2021. The Board is in discussion with PRC lawyers on its next course of action and will update the shareholders on any material developments.

##### (2) Advances to suppliers, third parties and a related party

The Group has continued to maintain business with these suppliers, third parties and the related party in 2Q2022, and nothing has come to attention to suggest that the carrying amounts of the Group's advances to suppliers, third parties and related party may not be duly utilised or refunded in the ordinary course of business, although there may be delays in the originally agreed or expected schedules for payment in light of the ongoing COVID-19 situation and resulting impacts.

##### (3) Property, plant and equipment

On 8 September 2021, the Company received a Notice of Compliance ("NOC") from the Singapore Exchange Regulation (SGX RegCo) to appoint a suitable independent reviewer to conduct an investigation into the facts and circumstances relating to, amongst other matters, a proposed acquisition (which was subsequently terminated) which include certain networking equipment recognised as additions to property, plant and equipment amounting to HK\$39,728,000 in the financial period ended 30 September 2020. In compliance with the NOC from SGX RegCo, the Company has since appointed an independent investigator and the investigation is currently still in progress.

As a result of the termination of the proposed acquisition, on 30 September 2021, the Group entered into an Equipment Refund Agreement with the vendor to return the networking equipment to the vendor, and for the vendor to refund RMB33.5 million to the Group over a 3.5-year period commencing from 1 October 2021. As a result of the Equipment Refund Agreement, the carrying amount of property, plant and equipment relating to the networking equipment amounting to HK\$31.5 million was reclassified to "Other receivables".

In October 2021, an amount of HK\$1.5 million was refunded. The vendor defaulted on the next repayment that was due in March 2022 and the Group had not received any repayments since.

Management has assessed that the risk of default from the Equipment Refund Agreement has increased significantly given that the vendor has defaulted on the payment milestones. As such, a loss allowance has been made for the entire amount of the equipment refund amounting to HK\$31.5 million. The Board is in discussion with PRC lawyers on its next course of action and will update the shareholders on any material developments.

#### (4) Investment in subsidiaries

At the end of FY2020, the auditors had not been able to obtain sufficient appropriate audit evidence with respect to the recoverable amount of the Company's investment in subsidiaries and the appropriateness of the allowance for impairment losses provided on the Company's investment in subsidiaries.

For FY2021, management is in the process of making an assessment on the recoverable amount of the Company's investment in subsidiaries and will discuss its assessment with the external auditors in the finalisation of the Group's consolidated financial statements for the year ended 30 September 2021. The carrying amount of the Company's investment in subsidiaries are eliminated on consolidation and will not affect the Group's consolidated financial statements. No adjustments have been made in this set of condensed interim financial statements with respect to this matter.

#### (5) Amounts due from subsidiaries

At the end of FY2020, the auditors had not been able to obtain sufficient appropriate audit evidence with respect to the recoverability of the amounts due from the Company's subsidiaries and the appropriateness of the allowance for impairment losses provided thereon.

For FY2021, management is in the process of making an assessment on the recoverability of the amounts due from the Company's subsidiaries and will discuss its assessment with the external auditors in the finalisation of the Group's consolidated financial statements for FY2021. The carrying amount of the amounts due from the Company's subsidiaries are eliminated on consolidation and will not affect the Group's consolidated financial statements. No adjustments have been made in this set of condensed interim financial statements with respect to this matter.

#### (6) Appropriateness of the going concern assumption

At the end of FY2020, the auditors had not been able to obtain sufficient appropriate audit evidence with respect to the appropriateness of the use of the going concern assumption in the preparation of the financial statements of the Group.

On 5 April 2022, the Company received Letters of Demands from Corpbond IV Ltd ("Corpbond") for the repayment of certain loans and relating interest that was due. Thereafter, on 11 April 2022, the Company voluntarily suspended the trading of its shares pending the review of going concern.

The Company had on 30 April 2022 and 11 May 2022, announced the issuance of up to S\$25 million in convertible bonds (the "Convertible Bond Agreements") of which S\$21 million has been secured in commitments. The Company is in discussion with various other parties and is confident of placing out the remaining amounts. Subject to the satisfaction of the terms and conditions (including obtaining the requisite approvals from shareholders and SGX) and successful issuance of the Convertible Bonds, the Company will have adequate funds to repay all the loans taken from Corpbond.

As such, subject to reaching an amicable outcome on the ongoing negotiations with Corpbond, the Company will be able to continue as a going concern. Notwithstanding, the Group's operations are continuing.

While there is no guarantee that the outcome of ongoing negotiations with Corpbond will be satisfactory, that the terms and conditions of the Convertible Bond Agreements will be satisfied, and/or that the Company will be able to obtain the requisite approvals from shareholders and SGX for the issuance of the Convertible Bonds, management is continually assessing the Group's ability to continue as a going concern and will discuss its assessment with the external auditors in the finalisation of the Group's consolidated financial statements for FY2021. No adjustments have been made in this set of condensed interim financial statements with respect to this matter. The Company will update its shareholders when there are any material developments.

On 10 May 2022, Corpbond IV Ltd (formerly known as Furong Corpbond II Ltd) (the "Corpbond") filed an Originating Application in the General Division of the High Court of the Republic of Singapore (the "Court"), seeking inter alia, an order to place the Company under judicial management of a judicial manager pursuant to the provisions of Part 7 of the Insolvency, Restructuring and Dissolution Act 2018 (the "Act") (the "JM Application"). Pursuant to the JM Application, Corpbond is seeking to appoint Mr Chan Yee Hong of Nexia TS Risk Advisory Pte. Ltd. ("Mr Chan") as the judicial manager of the Company.

In connection with the JM Application, Corpbond also filed a Summons on 13 May 2022, seeking an order to appoint Mr Chan as interim judicial manager of the Company, pending the hearing of the JM Application (the "IJM Application"). By way of the IJM Application, Corpbond has sought to empower the proposed interim judicial manager to manage the affairs, business and property of the Company during the period in which the order for the appointment of the interim judicial manager (if granted) is in force. Corpbond has applied for the proposed interim judicial manager to be empowered and authorised to exercise all powers and entitlements of a judicial manager conferred under the provisions of Part 7 and the First Schedule of the Act, including but not limited to appointing and/or removing directors from the board of the Company's (direct and indirect) wholly-owned subsidiaries and indirect partially-owned subsidiaries, in accordance with the respective subsidiaries' constitutions.

On 19 May 2022, the Company received the papers relating to the JM Application and the IJM Application..

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

The Board confirms that the impact of all outstanding audit issues above have been adequately disclosed.

**2. REVIEW OF GROUP PERFORMANCE**

**Income statement**

Revenue

In 2Q2022, the Group recorded revenue of HK\$14 million, compared to HK\$41 million in 2Q2021. In 2Q2022, majority of the revenue was generated by the Group's subsidiary, Nutryfarm (Chengdu) Biomedicine Limited. ("NFC"). NFC contributed HK\$13.3 million revenue in 2Q2022 through its nutrition business. 2Q2021 was higher due to durian trading business just starting in Group's subsidiary, Global Agricapital Holding Pte Ltd. ("GAH"). The components of revenue are set out in Note 2 "Segment Information".

Operating expenses

There is no significant fluctuation in distribution expenses. HK\$0.9 million in 2Q2022 as compared to HK\$1 million in 2Q2021

The increase in administrative expenses is mainly due to (i) higher salaries and (ii) higher incurred legal and professional fees.

Finance costs

The Group recorded HK\$1.9 million in finance costs in 2Q2022. It mainly represents the interest incurred for the Group's third-party loan and NFC's bank loan in the PRC.

Other expenses

Other expenses increase are mainly due to foreign exchange losses

Income tax expense

The Group recorded HK\$0.2 million of income tax expenses in 2Q2022.

Net profits/(loss) attributable to shareholders

Overall, the Group recorded a net loss attributable to shareholders of approximately HK\$4.4 million in 2Q2022 as compared to a net profit of approximately HK\$0.5 million in 2Q2021.



## Balance sheet

### *Non-current assets*

#### Property, plant and equipment

Property, plant and equipment ("PPE") which includes right of use of assets and intangible assets as at 31 March 2022 was HK\$19.5 million as compared to HK\$19.2 million as at 30 September 2021. There is no significant movement in this quarter.

As at 31 March 2022, the entire land use right is pledged in connection with a bank loan.

### *Current assets*

#### Inventories

The Group recorded HK\$15.6 million inventories as at 31 March 2022, compared HK\$16.6 million as at 30 September 2021. This mainly represents the finished goods, works in progress and raw materials held by NFC. There is no significant movement in this quarter.

#### Trade receivables

Trade receivables as at 31 March 2022 was HK\$22.5 million compared to HK\$16.4 million as at 31 March 2021, mainly from customers of Nutrition Business.

#### Prepayments, deposits and other receivables

The Group recorded HK\$74.1 million prepayments, deposits and other receivables as at 31 March 2022. It mainly comprises advances to third parties and a related party. In 2Q2022, prepayments, deposits and other receivables increase by HK\$36 million as compared to 4Q2021 mainly due to increase HK\$30.7 million of increase in amount due from related party in NFC and HK\$8.7 million of increase in advance to supplier in GAH.

In October 2021, an amount of HK\$1.828 million was refunded for PPE refund agreement.

### *Current liabilities*

#### Trade and other payables

Trade and other payables amounting to HK\$59.7 million as at 31 March 2022, which has no significant fluctuation as compared to HK\$56 million as at 30 September 2021.

The trade payables decreased marginally mainly from purchases made for Nutrition Business.

Other payables increase mainly driven by HK\$1.6 million of third party loan interest and HK\$2.4 million accrued of expenses.

#### Short term loans

The Group recorded HK\$143.3 million of short term loans. It included a bank loan of an aggregate sum of HK\$16 million as at 31 March 2022 which is secured by NFC's land use right and properties; and HK\$127.3 million of third-party loans of the Group. It represents the Company's receipt of a third-party loan from investors with an annual interest ranging from 3.7% to 7.4%.

## **Cash Flow Statement**

Net cash outflow from operating activities of HK\$43.3 million was mainly from working capital outflow after accounting for operating cash outflow of HK\$ 2.6 million

Net cash from investing activities was HK\$1.1 million due mainly to the purchase of equipment offset by refund received from the equipment refund agreement.

Net cash used in financing activities is mainly due to the payment of interest expenses from loans.

As at 31 March 2022, the Group maintained a cash balance of approximately HK\$4.4 million.

### 3. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.



**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.**

The Group's health supplements business under NFC continues to face challenging conditions with the marketing activities of NFC being seriously impacted by the continuing COVID-19 virus outbreak although, with the reopening of the economy, NFC has seen its sales decrease by 12% in 2Q2022 compared to the 2Q2021.

In 2Q2022, NFC continued to import products of mixed drinks of Lutein ester and blueberry and crispy oatmeal. Considering the situation of the COVID-19 pandemic in North America, NFC will continue to monitor the situation and will make a decision regarding its imported products from North America in due course.

As the durian trading out of Thailand (the "Thai Durian Business") operated and overseen by Cheng Meng cannot be verified nor substantiated, the Group can only recognise the Thai Durian Business transactions for the period from January 2021 to March 2021 for the FY2021 results, where the sales and purchases were fully captured, and that the payments to suppliers and from customers were made directly with the Group. Accordingly, the Group has on 15 May 2022, announced its restated results for the third-quarter 3 months ended 30 June 2021 ("3Q2021"), year end result for the financial year ended 30 September 2021 ("FY2021") by excluding all the Thai Durian Business transactions operated and overseen by Cheng Meng which cannot be verified or substantiated. Similarly, in the preparation of the results announcement for the second quarter 3 months ended 31 March 2022, all the Thai Durian Business transactions operated and overseen by Cheng Meng which cannot be verified or substantiated from April 2021 to March 2022 has not been included.

Notwithstanding the above, the unverified financial performance of the Thai Durian Business that has not been included in the preparation are as follows:

	For the period 3Q2021	For the period 4Q2021	For the period 1Q2022	For the period 2Q2022	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	494,842	14,708	41,755	-	551,305
Attributed profit/(loss)	17,498	(2,361)	(49,801)	-	(34,664)

With respect to the Thai Durian Business, the Group's current Executive Directors have made preparations with known suppliers and customers for the upcoming durian season and will operate through its Singapore subsidiary entity.

**5. Dividend Information**

**a) Current Financial Period Reported on Any dividend declared for the current financial period reported on?**

No.

**b) Corresponding Period of the Immediate Preceding Financial Year Any dividend declared for the corresponding period of the immediately preceding financial year?**

No.

**c) Date payable**

N.A

**d) Books closure date**

N.A

**6. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended during the period under review. As at 2Q2022, the Group recorded accumulated losses of HK\$508 million. Therefore, the Group is focusing on enhancing the Group's profitability and would consider the declaration of a dividend when the Group achieves enough profits.



7. **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 has not obtained a general mandate from shareholders for interested person transactions.

8. **Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results):**

To the best of the knowledge of the Directors, nothing has come to the attention of the Board which may render these interim financial results to be false or misleading in any material aspect.

9. **Confirmation that the Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

NutryFarm 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.

By Order of the Board

**Wu Yong Qiang**  
**Executive Chairman**  
**31 May 2022**