

NUTRYFARM INTERNATIONAL LIMITED
(Under Judicial Management)
(Company Registration Number: 32308)
(Incorporated in the Bermuda)

DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

In compliance with Rule 705(2)(d) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the judicial manager (the “**Judicial Manager**”) of Nutryfarm International Limited (Under Judicial Management) (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to inform shareholders that the independent auditor of the Company, Baker Tilly TFW LLP (the “**Independent Auditor**”), has issued a disclaimer of opinion in its Independent Auditor’s Report dated 25 February 2025 (the “**Independent Auditor’s Report**”) in relation to the Group’s financial statements for the financial year ended 30 September 2021 (“**FY2021**”) (the “**Audited Financial Statements**”).

The basis for the disclaimer of opinion is set out in the Independent Auditor’s Report, an extract of which is annexed hereto for further details. An extract of Note 1, Note 30, Note 31 and the relevant portions of Note 3 to the FY2021 Audited Financial Statements are also annexed to this announcement.

Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor’s Report, the Audited Financial Statements and the Company’s annual report for FY2021, which will be announced on SGXNET in due course.

The Judicial Manager highlights that the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for FY2021 were prepared by the management of the Company based on records and financial information available. The Judicial Manager is not in a position to provide representations, warranties, or assurances regarding the accuracy, completeness, or compliance of these financial statements with International Financial Reporting Standards.

The Judicial Manager does not make or purport to make any statement in the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for FY2021, or any statement upon which a statement in the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for FY2021 is based, and makes no representation regarding any statement in the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for FY2021.

The Judicial Manager expressly disclaims and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, in the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for FY2021. For the avoidance of doubt, and as further described below, the Judicial Manager is not in a position to, and does not opine on, the ability of the Group and the Company to continue in operations as a going concern and to meet their financial obligations as and when they fall due.

Trading in the Company’s securities on the SGX-ST had been voluntarily suspended by the Company since 11 April 2022. Although the Company’s shares are under suspension, shareholders and investors are advised to exercise caution when dealing in the Company’s shares and to refrain from taking any action in respect of their shares and/or investment in the Company which may be prejudicial to their interest. Persons, who are in doubt, as to the action they should take, should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers.

**Submitted by the Judicial Manager
For and on behalf of the Company**

Ellyn Tan Huixian
25 February 2025

Extracted from the Independent Auditor's Report to the Audited Financial Statements of NutryFarm International Limited (Under Judicial Management) for FY2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NUTRYFARM INTERNATIONAL LIMITED (UNDER JUDICIAL MANAGEMENT)**

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of NutryFarm International Limited (under judicial management) (the "Company") and its subsidiaries (the "Group") as set out on pages 9 to 72, which comprise the balance sheets of the Group and the Company as at 30 September 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Limitation of scope

We were not able to and have not performed an audit in accordance with Singapore Standards on Auditing on the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 September 2021 due to non-availability of required documents, information and accounting records. We were also unable to carry out the necessary audit procedures to complete the review of subsequent events from 30 September 2021 up to the date of this report. In addition, we were unable to ascertain whether disclosures in these financial statements are complete and fairly stated. Consequently, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 September 2021.

2. Appropriateness of the going concern assumption

As disclosed in Note 3 to the financial statements, the Group and the Company incurred a net loss of HK\$111,453,000 and HK\$16,388,000 respectively and the Group incurred net cash outflow from operating activities amounting to HK\$3,404,000 during the financial year ended 30 September 2021. As at 30 September 2021, the Group's total liabilities and current liabilities exceeded the total assets and current assets by HK\$60,720,000 and HK\$34,262,000 respectively and the Company's current liabilities exceeded the current assets by HK\$10,596,000.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NUTRYFARM INTERNATIONAL LIMITED (UNDER JUDICIAL MANAGEMENT) (cont'd)**

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

2. Appropriateness of the going concern assumption (cont'd)

As disclosed in Note 1 to the financial statements, the High Court of Singapore has granted the order to place the Company under judicial management on 28 June 2022.

These factors indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns.

During the course of audit, we were not provided with sufficient appropriate audit evidence to assess the future plans of the Group and the Company and also whether the Group and the Company are able to continue in operational existence for the foreseeable future. Consequently, we were unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of these accompanying financial statements and the adequacy of the disclosure about material uncertainty relating to going concern as made in these accompanying financial statements.

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities that may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities respectively. No such adjustments have been made to the financial statements.

3. Notice of compliance

As disclosed in Note 31 to the financial statements, as required by Singapore Exchange Securities Trading Limited, an independent reviewer, FTI Consulting Pte Ltd has been appointed to conduct an investigation on events which began prior to year 2019. As of the date of this report, the investigation findings report has not yet been issued. Consequently, we were unable to determine if any adjustments to and additional disclosures in the accompanying financial statements of the Group and the Company might be necessary arising from the findings of the investigation.

4. Opening balances

Our independent auditor's report dated 5 February 2021 expressed a disclaimer of opinion on the financial statements for the financial period from 1 April 2019 to 30 September 2020 ("financial period ended 30 September 2020"). The basis for disclaimer of opinion on the financial statements for the financial period ended 30 September 2020 are disclosed in Note 30 to the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NUTRYFARM INTERNATIONAL LIMITED (UNDER JUDICIAL MANAGEMENT) (cont'd)**

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

4. Opening balances (cont'd)

In view of the matters described in the basis for disclaimer of opinion on the financial statements for the financial period ended 30 September 2020, we were unable to determine whether the opening balances as at 1 October 2020 are fairly stated. Since the opening balances as at 1 October 2020 enter into the determination of the financial performance and cash flows for the financial year ended 30 September 2021, we were unable to determine whether any adjustments might have been found necessary in respect to the financial statements for the financial year ended 30 September 2021.

We also do not express an opinion on the current financial year's financial statements because of the possible effects of these matters on the comparability of the current financial year's figures and the corresponding figures.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

The engagement partner on the audit resulting in this independent auditor's report is Lim Kok Heng.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

25 February 2025

NUTRYFARM INTERNATIONAL LIMITED (UNDER JUDICIAL MANAGEMENT) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2021

1 Corporate information

NutryFarm International Limited (the “Company”) is a company incorporated in Bermuda with limited liability under the Bermuda Companies Act 1981 and has its 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.

Judicial management

On 19 May 2022 the Company was served with an originating summons by one of its major creditors, Corpbond IV Ltd (formerly known as Furong Corpbond II Ltd) (“Corpbond”) in the High Court of Singapore, which sought for the Company to be placed under judicial management. The High Court of Singapore granted an interim judicial management order on 10 June 2022, followed by a formal judicial management order on 28 June 2022.

Subsequently extensions of the judicial management order were granted as follows:

- First extension: until 24 June 2023
- Second extension: until 10 August 2023
- Third extension: until 10 November 2023
- Fourth extension: until 10 March 2024
- Fifth extension: until 10 September 2024
- Sixth extension: interim extensions of till 21 October 2024, till 22 October 2024, 28 October 2024, 25 November 2024, 20 January 2025 and till 3 March 2025.

During the period of the Company under judicial management, all powers conferred and duties imposed on the directors of the Company by the Insolvency, Restructuring and Dissolution Act 2018 or the Companies Act 1967 or by the constitution of the Company, must be exercised and performed by the judicial manager and not by the directors of the Company, but nothing requires the judicial manager to call any meetings of the Company.

3 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group’s accounting policies

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date.

In the process of applying the Group’s accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Critical judgements in applying the Group's accounting policies (cont'd)

(i) Going concern assumption

During the financial year ended 30 September 2021, the Group and the Company incurred a net loss of HK\$111,453,000 and HK\$16,388,000 respectively and the Group incurred net cash outflow from operating activities amounting to HK\$3,404,000 during the financial year ended 30 September 2021. As at 30 September 2021, the Group's total liabilities and current liabilities exceeded the total assets and current assets by HK\$60,720,000 and HK\$34,262,000 respectively and the Company's current liabilities exceeded the current assets by HK\$10,596,000.

Judicial management

On 28 June 2022, the Company was placed under judicial management.

The objectives of the judicial management order are to achieve one or more of the following purposes:

- (a) survival of the Company, or the whole or part of its undertaking as a going concern;
- (b) the approval under Section 210 of the Companies Act 1967 or Section 71 of the Insolvency, Restructuring and Dissolution Act 2018 of a compromise or arrangement between the Company and any such persons as mentioned in those sections; and/or
- (c) a more advantageous realisation of the Company's assets than on winding up.

During the judicial management period, there was a stay on all suits, proceedings, claims etc. against the Company, except with the consent of the Judicial Manager or with the leave of the Court. The unsecured debts and liabilities owing to the principal lender and unsecured claims from creditors (collectively, the "Creditors") prior to 28 June 2022 would be addressed/restructured as part of the judicial management of the Company.

On 30 January 2023, Corpbond had entered into a loan agreement with the Company and will extend a loan of up to a principal amount of S\$1,000,000 to the Company for the purposes of asset recovery. Corpbond is the single largest creditor of the Company as of the date of authorisation of these financial statements.

On 14 November 2023, a revised Statement of Proposal ("Revised SOP") was unanimously approved by the creditors present and voting. Upon successful implementation of the Revised SOP, it is contemplated that the Company's debts will be restructured. The completion of the restructuring exercise is subject to a number of conditions precedent to be fulfilled, including relevant regulatory and shareholders' approval.

On 15 July 2024, the Company and the Judicial Manager entered into a restructuring agreement with Corpbond, which outlines the terms for restructuring the claims of the Company's creditors (referred to as the "Restructuring Agreement"). According to the terms and conditions set out in the Restructuring Agreement, each creditor shall receive a lump sum payment of 20% of each Creditor's Approved Claim (as defined in the Restructuring Agreement) in cash paid out by Corpbond. Subsequently each creditor shall assign, novate and/or otherwise transfer its claim in full and unconditionally to Corpbond, and shall have no further claims against the Company. On 29 August 2024, payment was made to the participating creditors.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Critical judgements in applying the Group's accounting policies (cont'd)

(i) Going concern assumption (cont'd)

Judicial management (cont'd)

The Judicial Manager is currently working alongside the Company to rehabilitate its operations by exploring new business ventures through the Company's wholly-owned subsidiary, AI Nova Pte. Ltd. ("AI Nova"), formerly known as Global Agricapital (Singapore) Pte. Ltd.. As part of this effort, AI Nova has recently changed its principal operations to include technical testing and analysis services (including certification of products and services) and wholesale trade of a variety of goods without a dominant product. The Company has submitted the proposal for the resumption of trading to the Singapore Exchange Securities Trading Limited ("SGX-ST") on 27 January 2025.

On 10 October 2024, the Company had entered into an interest-free loan agreement with Alpha Hill Pte. Ltd. (the "Investor") for a sum of S\$5,000,000 repayable on the date falling five (5) years from the disbursement date and may be extended for a further period, if both parties mutually agree to such extension in writing. Additionally, the Investor has provided a letter of non-binding memorandum of understanding to reiterate its intention to invest in the Company to provide working capital for the Company's restructuring efforts of working towards the resumption of trading of its shares on the Mainboard of the SGX-ST.

Subsequent to obtaining the loan from the Investor, the Company and Corpbond entered into a supplementary deed on 14 October 2024 to record Corpbond's consent and waiver to the Company's entry into the loan agreement and to obtain the loan from the Investor, as well as Corpbond's agreement to bear the costs and expenses associated with the resumption of trading of the Company's shares on the Mainboard of the SGX-ST up to an aggregate sum of S\$1,000,000 and provide for the agreed use of proceeds of the loan from the Investor. Pursuant to the terms of the supplementary deed, the loan of S\$5,000,000 would be allocated as follows:

- S\$1,500,000 will be allocated for capital injection into AI Nova for working capital purposes;
- S\$300,000 will be allocated for expenses related to the Company's resumption of trading of its shares on the Mainboard of the SGX-ST; and
- the remaining balance will be used for the Company's general working capital needs.

AI Nova has received S\$1,500,000 on 25 October 2024, for capital injection through issuance and allotment of 1,500,000 ordinary shares in AI Nova at an issue price of S\$1.00 per ordinary share.

These factors indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns.

The financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will be able to meet their obligations as and when they fall due in the next twelve months from the date of authorisation of these financial statements.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Critical judgements in applying the Group's accounting policies (cont'd)

(i) Going concern assumption (cont'd)

Judicial management (cont'd)

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities that may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities respectively. No such adjustments have been made to the financial statements.

30 Basis for disclaimer of opinion on the financial statements for the financial period ended 30 September 2020

The independent auditor's report dated 5 February 2021 expressed a disclaimer of opinion on the financial statements for the financial period ended 30 September 2020. The extract of the basis for disclaimer of opinion is as follows:

1. Refundable advances for proposed acquisition

As disclosed in the financial statements, the Group has refundable advances for proposed acquisition amounted to HK\$61,976,000 as at 30 September 2020 (31 March 2019: HK\$89,757,000).

The refundable advances were paid to the vendor in connection with the proposed acquisition of 45% of the issued and paid-up shares of First Linkage Inc. ("First Linkage"). The proposed acquisition of First Linkage was terminated on 3 December 2019. Accordingly, the advances paid to the vendor become refundable.

During the financial period ended 30 September 2020, the Group has received refunds of HK\$26,869,000 from the vendor. The Group is still in the process of recovering the remaining advances of HK\$61,976,000 from the vendor. The safeguard and measure implemented by management for recovering the refundable advances for proposed acquisition of First Linkage are disclosed in the financial statements. Management is of the view that the safeguard and measure are adequate and appropriate for the recovery of the remaining advances of HK\$61,976,000 and accordingly, no allowance for impairment loss was made as at 30 September 2020.

We are, however, unable to conclude whether the safeguard and measure implemented by management would enable the full recovery of the remaining advances of HK\$61,976,000 from the vendor. Consequently, we are unable to satisfy ourselves as to whether any adjustments might be necessary in respect of the carrying amount of the Group's refundable advances for proposed acquisition as at 30 September 2020.

30 Basis for disclaimer of opinion on the financial statements for the financial period ended 30 September 2020 (cont'd)

This matter was similarly included in the Basis for Qualified Opinion section of our independent auditor's report on the financial statements for the financial year ended 31 March 2019. Our opinion on the current financial period's financial statements of the Group is also modified because of the possible effect of this matter on the comparability of the current financial period's figures and the corresponding figures.

2. Advances to suppliers, third parties and a related party

As disclosed in the financial statements, the net carrying amounts of the Group's advances to suppliers, third parties and a related party totalled HK\$44,587,000 (31 March 2019: HK\$9,428,000) after deducting allowance for impairment losses of HK\$27,662,000 (31 March 2019: HK\$10,233,000). During the financial period ended 30 September 2020, the Group recognised allowance for impairment losses on advances to suppliers and third parties totalling HK\$16,829,000 (1.4.2018 to 31.3.2019: HK\$10,233,000) in the Group's profit or loss.

We are unable to obtain sufficient appropriate audit evidence to satisfy ourselves with respect to the advances made to suppliers, third parties and a related party and the appropriateness of allowances for impairment losses made on these balances. Consequently, we are unable to determine whether any adjustments might be necessary in respect of the carrying amounts of the Group's advances to suppliers, third parties and a related party as at 30 September 2020 and the impairment losses as recognised in the Group's profit or loss during the current financial period.

This matter was similarly included in the Basis for Qualified Opinion section of our independent auditor's report on the financial statements for the financial year ended 31 March 2019. Our opinion on the current financial period's financial statements of the Group is also modified because of the possible effect of this matter on the comparability of the current financial period's figures and the corresponding figures.

3. Property, plant and equipment

As disclosed in the financial statements, the net carrying value of the Group's property, plant and equipment amounted to HK\$46,582,000. During the financial period ended 30 September 2020, an impairment loss on property, plant and equipment of HK\$8,259,000 was recognised in the Group's profit or loss. The impairment loss is determined based on the proposed disposal consideration of the assets to a company which is ultimately owned by the vendor for the terminated proposed acquisition of First Linkage. Accordingly, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves with respect to the recoverable amount used in the determination of the impairment loss and we are unable to determine whether any adjustments might be necessary in respect of the net carrying value of the Group's property, plant and equipment as at 30 September 2020.

4. Investment in subsidiaries

As disclosed in the financial statements, the net carrying amount of the Company's investment in subsidiaries amounting to HK\$61,132,000 after deducting allowance for impairment losses of HK\$73,096,000. During the financial period ended 30 September 2020, an impairment loss on investment in subsidiaries of HK\$14,821,000 was recognised in the Company's profit or loss.

30 Basis for disclaimer of opinion on the financial statements for the financial period ended 30 September 2020 (cont'd)

4. Investment in subsidiaries (cont'd)

Based on the information available to us, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves 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. Consequently, we are unable to determine whether any adjustments might be necessary in respect of the net carrying amount of the Company's investment in subsidiaries as at 30 September 2020 and the impairment losses that was recognised in the Company's profit or loss during the current financial period.

5. Amounts due from subsidiaries

As disclosed in the financial statements, the net carrying amount of the Company's amounts due from subsidiaries amounted to HK\$138,867,000 after deducting allowance for impairment losses of HK\$356,649,000. During the financial period ended 30 September 2020, an impairment loss on amounts due from subsidiaries of HK\$911,000 was recognised in the Company's profit or loss.

Based on the information available to us, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves with respect to the appropriateness of the allowance for impairment losses provided on the Company's amounts due from subsidiaries. Consequently, we are unable to determine whether any adjustments required to the impairment loss and the net carrying amount of the Company's amounts due from subsidiaries as at 30 September 2020.

6. Appropriateness of the going concern assumption

As disclosed in the financial statements, the Group and the Company incurred a net loss of HK48,512,000 and HK\$37,902,000 respectively during the financial period ended 30 September 2020. As at 30 September 2020, the Company's total liabilities exceeded the total assets by HK\$14,061,000. In addition, the COVID-19 pandemic has brought about uncertainties to the Group's operating environment in the People's Republic of China and has impacted the Group's business activities for selling of nutrition, health food and related health products. The Group's distributors had cut down their marketing promotions and the contacts with their customers, which resulted in lower average monthly revenue for the Group. These factors indicate the existence of material uncertainties which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and discharge their liabilities in the ordinary course of business.

In the preparation of the financial statements, the Board of Directors believes that the use of going concern assumption is appropriate after taking into consideration of the factors as disclosed in the financial statements. However, as the factors are dependent on certain assumptions and the probability of sustaining the assumptions are inherently uncertain, we are unable to obtain sufficient appropriate audit evidence to conclude as to the appropriateness of the use of the going concern assumption in the preparation of these financial statements. Consequently, we are unable to determine whether any adjustments in respect of these financial statements for the financial period ended 30 September 2020 are necessary.

30 Basis for disclaimer of opinion on the financial statements for the financial period ended 30 September 2020 (cont'd)

6. Appropriateness of the going concern assumption (cont'd)

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities that may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities respectively. No such adjustments have been made to the financial statements.

31 Notice of compliance

The Company received a notice of compliance from Singapore Exchange Securities Trading Limited pursuant to Rule 1405 of the Listing Manual as announced on 8 September 2021 to appoint a suitable independent reviewer to conduct an investigation on the below events which began prior to 2019:

- (a) the facts and circumstances surrounding the proposed acquisition of 45% of the issued and paid-up shares of First Linkage Inc. ("First Linkage") (the "Proposed Acquisition of First Linkage") for the purchase consideration of RMB90,000,000. This should include an assessment into the:- (i) payment of the refundable deposit by LottVision Internet Management Limited amounting to HK\$91.4 million to Mr. Wang Xiaoxin in connection with the Proposed Acquisition of First Linkage; and (ii) recovery of the refundable deposit from Mr. Wang Xiaoxin;
- (b) the facts and circumstances surrounding the proposed acquisition of Xinjiang Zhongtong Internet Science and Technology Development Co., Ltd.; and
- (c) the facts and circumstances surrounding the advance payments of RMB26,810,000 to Chengdu Meili Tianyuan Agriculture Co. Ltd..

The Company has appointed an independent reviewer, FTI Consulting Pte Ltd to conduct the above investigation. As of the date of authorisation of these financial statements, the investigation findings report has not yet been issued.

Proposed acquisition of First Linkage

On 15 March 2018, the Company announced that an indirectly wholly-owned subsidiary of the Company, LottVision Internet Management Limited ("LottVision Internet Management") had entered into a deed of sale and purchase and a shareholders' agreement with Mr. Wang Xiaoxin in connection with the proposed acquisition of 45% of the issued and paid-up shares of First Linkage Inc. for the purchase consideration of RMB90,000,000.

Proposed acquisition of Xinjiang Zhongtong Internet Science and Technology Development Co., Ltd. ("XJZT")

On 21 June 2019, the Company announced that it has entered through LottVision Internet Management, into a sale and purchase agreement with First Linkage in connection with the acquisition of 100% of the equity interests of XJZT for the aggregate consideration of RMB50,000,000 (the "Proposed Acquisition of XJZT").

31 Notice of compliance (cont'd)

Set-off of consideration for the Proposed Acquisition of XJZT, against the remaining deposit for the Proposed Acquisition of First Linkage which was terminated

On 3 December 2019, in relation to the Proposed Acquisition of XJZT, the Company announced that LottVision Internet Management, First Linkage and Mr. Wang Xiaoxin, the sole shareholder of First Linkage have entered into a deed of amendment and set-off (the "Deed") to further set out the parties' intentions in respect of, inter alia, the payment of the purchase consideration for XJZT of RMB50,000,000.

In connection with the Proposed Acquisition of First Linkage, the parties thereto had agreed for LottVision Internet Management, to provide a refundable deposit of an aggregate amount of HK\$91.4 million to Mr. Wang Xiaoxin.

On 3 December 2019, the parties terminated the Proposed Acquisition of First Linkage and thereby agreed that Mr. Wang Xiaoxin shall refund the deposit in full to LottVision Internet Management, without any interest thereon. The balance of the deposit then to date which remained to be refunded by Mr. Wang Xiaoxin was HK\$66.8 million. Pursuant to the Deed, the remaining deposit shall be applied towards the payment of the purchase consideration for XJZT. However, it is noted that the Proposed Acquisition of XJZT was subsequently terminated.

Proposed settlement with Mr. Wang Xiaoxin

On 9 March 2021, in response to queries from Singapore Exchange Regulation ("SGX RegCo"), the Company said it had reached an in-principle agreement with Mr. Wang Xiaoxin whereby he will repay the outstanding refundable deposit over 4 years ("Proposed Settlement"). On 3 August 2021, in response to follow-up queries from SGX RegCo, the Company said that it targets to execute a definitive agreement relating to the Proposed Settlement before the end of the financial year ended 30 September 2021.

On 4 October 2021, the Company announced that (i) LottVision Internet Management has on 30 September 2021 entered into a repayment agreement with Mr. Wang Xiaoxin ("Repayment Agreement"); and (ii) WiVision Network Digital Video Technology (Beijing) Co, Ltd. ("WiVision"), an indirectly wholly-owned subsidiary of the Company, has on 30 September 2021 entered into an equipment refund agreement with Beijing Zhonglian Shengtong Internet Technology Co, Ltd. ("ZLST") ("Equipment Refund Agreement", and collectively with the Repayment Agreement, the "Agreements").

Under the Repayment Agreement, the parties noted that as at 30 June 2021, the outstanding due from Mr. Wang Xiaoxin for the refundable deposit paid to Mr. Wang Xiaoxin and his affiliated persons in connection with the terminated acquisition of First Linkage was HK\$59.2 million. The parties agreed that Mr. Wang Xiaoxin shall refund the sum of RMB60.0 million to LottVision Internet Management over a 3.5-year period running from 1 October 2021 as full and final settlement of the outstanding amounts. The first payment of RMB7.5 million will be made within thirty days from the date of Repayment Agreement. Mr. Wang Xiaoxin will then pay to LottVision Internet Management a sum of RMB7.5 million on or before 31 March 2022 and every six months henceforth until the final payment on 31 March 2025. Under the Equipment Refund Agreement, the parties agreed that ZLST shall refund to Wivision the total sum of RMB33,500,000 over a 3.5-year period running from 1 October 2021 for the return of the internet hardware and software equipment acquired from ZLST in April 2019. ZLST shall pay to WiVision (i) the sum of RMB1.5 million within five (5) working days from the date of the Equipment Refund Agreement; and (ii) the sum of RMB8 million on 31 March 2022. ZLST will then pay a sum of RMB8 million on 31 March of each year until the final payment on 31 March 2025.

31 Notice of compliance (cont'd)

The advance payments of RMB26,810,000 to Chengdu Meili Tianyuan Agriculture Co. Ltd. ("MLTY")

On 11 August 2021 in response to SGX RegCo's queries, the Company submitted that the HK\$31,961,000 advances to third parties and suppliers mainly represented RMB26,810,000 advances to MLTY since 2018. MLTY is an associate of the customers of NutryFarm (Chengdu) Biomedicine Ltd and maintains influence over the two customers.