



THIS QUARTERLY REPORT ANNOUNCEMENT IS MANDATORY AND MADE PURSUANT TO THE REQUIREMENTS OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

(Registration No: EC 32308)

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

Financial statements on combined results of NutryFarm International Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the fourth quarter ended 31 March 2020 (“Q4FY2020”). These figures have not been audited.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

NUTRYFARM INTERNATIONAL LIMITED
Group Income Statement
For the Quarter Ended 31 March 2020
(Expressed in Hong Kong thousand dollars)

	Three Months Ended 31.03			Twelve Months Ended 31.03		
	FY2020	FY2019	Change	FY2020	FY2019	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue	5,728	8,183	(30)	37,820	44,042	(14)
Cost of sales	(3,909)	(5,404)	(28)	(26,346)	(26,121)	1
Gross profit	1,819	2,779	(35)	11,474	17,921	(36)
Other (expenses)/income	(2,793)	4,365	NM	(1,720)	4,383	NM
Distribution expenses	(549)	(1,425)	(61)	(4,957)	(7,718)	63
Administrative expenses	(1,718)	(89,456)	(98)	(12,610)	(98,180)	(87)
Finance costs	(1,882)	(5,290)	(64)	(7,376)	(7,749)	(5)
Loss before income tax	(5,123)	(89,027)	(94)	(15,189)	(91,343)	(83)
Income tax credit/(expense)	157	(1,569)	NM	641	(1,893)	NM
Loss for the period	(4,966)	(90,596)	(95)	(14,548)	(93,236)	(84)
Loss attributable to:						
Equity holders of the Company	(4,966)	(90,596)	(95)	(14,548)	(93,236)	(84)
Non-controlling interest	-	-	NM	-	-	NM
Loss for the period	(4,966)	(90,596)	(95)	(14,548)	(93,236)	(84)

NM - Not meaningful

- 1(a) An income statement and statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

NUTRYFARM INTERNATIONAL LIMITED
Group Comprehensive Income Statement
For the Quarter Ended 31 March 2020
(Expressed in Hong Kong thousand dollars)

	Three Months Ended 31.03			Twelve Months Ended 31.03		
	FY2020	FY2019	Change	FY2020	FY2019	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Loss for the period	(4,966)	(90,596)	(95)	(14,548)	(93,236)	(84)
Other comprehensive loss Items that are or may be reclassified subsequently to profit or loss: currency translation differences arising on consolidation, net of tax	(28)	4,551	NM	(7,740)	(8,867)	(13)
Total comprehensive loss for the period	(4,994)	(86,045)	(94)	(22,288)	(102,103)	(78)
Total comprehensive loss attributable to:						
Equity holders of the Company	(4,994)	(86,045)	(94)	(22,288)	(102,103)	(78)
Non-controlling interest	-	-	NM	-	-	NM
Total comprehensive loss for the period	(4,994)	(86,045)	(94)	(22,288)	(102,103)	(78)

NM - Not meaningful

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

NUTRYFARM INTERNATIONAL LIMITED
Balance Sheet
as at 31 March 2020
(Expressed in Hong Kong thousand dollars)

	The Group		The Company	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	As at 31/03/2020	As at 31/03/2019	As at 31/03/2020	As at 31/03/2019
Non-current assets				
Investment in subsidiaries	-	-	76,447	76,447
Property, plant and equipment	8,872	10,811	-	-
Other receivables	47,780	25,005	-	-
Land use right	4,959	5,621	-	-
	61,611	41,437	76,447	76,447
Current assets				
Inventories	7,081	12,902	-	-
Trade receivables	13,429	9,492	-	-
Prepayments, deposits and other receivables	114,471	100,714	(1,522)	133
Amounts due from subsidiaries	-	-	146,192	150,754
Tax recoverable	167	327	-	-
Cash and cash equivalents	3,780	47,380	236	1,555
	138,928	170,815	144,906	152,442
Current liabilities				
Trade and other payables	26,910	19,107	11,045	9,394
Contract liabilities	1,262	1,262	-	-
Short term loans	46,522	15,105	-	-
Amount due to subsidiaries	-	-	74,759	74,759
	74,694	35,474	85,804	84,153
Net current assets/(liabilities)	64,234	135,341	59,102	68,289
Non-current liabilities				
Long term loans	91,181	119,826	121,510	119,826
	91,181	119,826	121,510	119,826
Net assets	34,664	56,952	14,039	24,910
Equity				
Capital and reserves attributable to equity shareholders of the Company				
Share capital	9,642	9,642	9,642	9,642
Reserves	25,022	47,310	4,397	15,268
Total equity attributable to equity holders of the Company	34,664	56,952	14,039	24,910
Total equity	34,664	56,952	14,039	24,910

1(b)(ii) Aggregate amount of Group's borrowings and debt securities as at the end of the current financial period reported on (Q4FY2020) with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand, and whether the said amount is secured or unsecured.

As at 31/03/2020 In HK\$'000		As at 31/03/2019 In HK\$'000	
Secured	Unsecured	Secured	Unsecured
16,193	30,329	15,105	-

Amount repayable after one year, and whether the said amount is secured or unsecured.

As at 31/03/2020 In HK\$'000		As at 31/03/2019 In HK\$'000	
Secured	Unsecured	Secured	Unsecured
-	91,181	-	119,826

Details of Collaterals

In the short term borrowings, HK\$16.2 million as at 31 March 2020 was secured by the 34,165 square meters land use right and building of NutryFarm (Chengdu) Biomedicine Limited (“NFC”).

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

NUTRYFARM INTERNATIONAL LIMITED
Group Cash Flow Statement
For the Quarter Ended 31 March 2020
(Expressed in Hong Kong thousand dollars)

	Three Months Ended 31.03		Twelve Months Ended 31.03	
	Q4FY2020	Q4FY2019	Q4FY2020	Q4FY2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Loss before tax	(5,123)	(89,027)	(15,189)	(91,343)
Adjustments for:				
Amortisation of land use rights	(89)	(590)	662	134
Amortisation of intangible assets	-	(182)	-	199
Depreciation of property, plant and equipment	917	(2,269)	1,939	3,356
Net impairment losses on financial assets	-	9,277	-	9,277
Impairment losses on property, plant and equipment	-	22,096	-	22,096
Impairment losses on intangible assets	-	43,687	-	43,687
Allowance for impairment losses on advances to suppliers	-	5,005	-	5,005
Interest income	(116)	(263)	(617)	(355)
Interest expenses	1,880	5,290	7,374	7,749
Inventories written down	-	1,073	-	1,073
Unrealised foreign exchange losses	-	1,331	-	1,331
Gain on modification on the terms of loans from third parties	-	(2,351)	-	(2,351)
Operating cash flows before changes in working capital	(2,531)	(6,923)	(5,831)	(142)
Changes in operating assets and liabilities				
Inventories	(1,156)	(1,058)	5,821	(1,406)
Trade and other receivables	(1,058)	7,411	(20,694)	24,063
Trade and other payables	9,247	2,061	2,483	(5,418)
Currency translation adjustments	(7,740)	(3,075)	(7,740)	(3,075)
Cash used in from operations	(3,238)	(1,584)	(25,961)	14,022
Income tax paid	157	(86)	641	(410)
Net cash flows (used in)/generated from operating activities	(3,081)	(1,670)	(25,320)	13,612
Cash flows from investing activities				
Interest received	116	355	617	355
Purchase of property, plant and equipment	-	(460)	(5,011)	(460)
Advance paid for proposed acquisition	-	-	-	(32,000)
Deposits paid for acquisition of property, plant and equipment	-	-	(22,775)	(23,552)
Advance to customers and suppliers	(6,886)	-	(9,667)	-
Refund for the proposed acquisition of a subsidiary/associated company	-	-	24,830	-
Repayment from customers and suppliers	-	22,193	-	-
Net cash (used)/generated in investing activities	(6,770)	22,088	(12,006)	(55,657)
Cash flows from financing activities				
Interest paid	(194)	(3,027)	(7,374)	(3,776)
Drawdown of bank loans	-	14,993	16,323	14,993
Proceeds from Director of the Company	-	685	-	685
Repayment of bank loans	-	(14,993)	(15,105)	(14,993)
Repayment to Director of the Company	-	(685)	-	(685)
Proceeds from loans from third parties	-	-	-	56,959
Net cash (used)/generated from financing activities	(194)	(3,027)	(6,156)	53,183
Net (decrease)/increase in cash and cash equivalents	(10,045)	17,391	(43,482)	11,138
Cash and cash equivalents at beginning of the period	6,229	25,639	47,380	36,160
Effect of foreign exchange rate changes	7,597	4,350	(117)	82
Cash and cash equivalents at end of the period	3,781	47,380	3,781	47,380

1(d)(i) A statement (for the Company and Group) 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.

The Group	Share Capital	Share Premium	Contributed Surplus Reserve	Fair Value Reserve	Translation Reserve	Accumulated Losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019	9,642	315,301	119,560	(45,505)	(6,446)	(335,600)	56,952
Other comprehensive loss for the period, net of tax:							
- Currency translation differences	-	-	-	-	(3,931)	-	(3,931)
Loss for the period	-	-	-	-	-	(3,593)	(3,593)
At 30 June 2019	9,642	315,301	119,560	(45,505)	(10,377)	(339,193)	49,428
Other comprehensive loss for the period, net of tax:							
- Currency translation differences	-	-	-	-	(3,000)	-	(3,000)
Loss for the period	-	-	-	-	-	(2,845)	(2,845)
At 30 September 2019	9,642	315,301	119,560	(45,505)	(13,377)	(342,038)	43,583
Other comprehensive loss for the period, net of tax:							
- Currency translation differences	-	-	-	-	(781)	-	(781)
Loss for the period	-	-	-	-	-	(3,144)	(3,144)
At 31 December 2019	9,642	315,301	119,560	(45,505)	(14,158)	(345,182)	39,658
Other comprehensive loss for the period, net of tax:							
- Currency translation differences	-	-	-	-	(28)	-	(28)
Loss for the period	-	-	-	-	-	(4,966)	(4,966)
At 31 March 2020	9,642	315,301	119,560	(45,505)	(14,186)	(350,148)	34,664

The Group	Share Capital	Share Premium	Contributed Surplus Reserve	Fair Value Reserve	Translation Reserve	Accumulated Losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2018	9,642	315,301	119,560	(45,505)	2,421	(242,364)	159,055
Other comprehensive income for the period, net of tax:							
- Currency translation differences	-	-	-	-	(7,085)	-	(7,085)
Loss for the period	-	-	-	-	-	(3,497)	(3,497)
At 30 June 2018	9,642	315,301	119,560	(45,505)	(4,664)	(245,861)	148,473
Other comprehensive loss for the year, net of tax:							
- Currency translation differences	-	-	-	-	(6,166)	-	(6,166)
Loss for the period	-	-	-	-	-	(236)	(236)
At 30 September 2018	9,642	315,301	119,560	(45,505)	(10,830)	(246,097)	142,071
Other comprehensive loss for the year, net of tax:							
- Currency translation differences	-	-	-	-	(167)	-	(167)
Loss for the period	-	-	-	-	-	1,093	1,093
At 31 December 2018	9,642	315,301	119,560	(45,505)	(10,997)	(245,004)	142,997
Other comprehensive loss for the year, net of tax:							
- Currency translation differences	-	-	-	-	4,551	-	4,551
Loss for the period	-	-	-	-	-	(90,596)	(90,596)
At 31 March 2019	9,642	315,301	119,560	(45,505)	(6,446)	(335,600)	56,952

1(d)(i) A statement (for the Company and Group) 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. (Continued)

The Company	Share Capital	Share Premium	Contributed Surplus Reserve	Translation Reserve	Accumulated Losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019	9,642	315,301	119,560	(4,145)	(415,448)	24,910
Loss for the period	-	-	-	-	(2,335)	(2,335)
At 30 June 2019	9,642	315,301	119,560	(4,145)	(417,783)	22,575
Loss for the period	-	-	-	-	(2,331)	(2,331)
At 30 September 2019	9,642	315,301	119,560	(4,145)	(420,114)	20,244
Loss for the period	-	-	-	-	(4,203)	(4,203)
At 31 December 2019	9,642	315,301	119,560	(4,145)	(424,317)	16,041
Loss for the period	-	-	-	-	(2,002)	(2,002)
At 31 March 2020	9,642	315,301	119,560	(4,145)	(426,319)	14,039

The Company	Share Capital	Share Premium	Contributed Surplus Reserve	Translation Reserve	Accumulated Losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2018	9,642	315,301	119,560	1,662	(347,210)	98,955
Loss for the period	-	-	-	-	(1,251)	(1,251)
At 30 June 2018	9,642	315,301	119,560	1,662	(348,461)	97,704
Loss for the period	-	-	-	-	(1,674)	(1,674)
At 30 September 2018	9,642	315,301	119,560	1,662	(350,135)	96,030
Loss for the period	-	-	-	-	(369)	(369)
At 31 December 2018	9,642	315,301	119,560	1,662	(350,504)	95,661
Loss for the period	-	-	-	(5,807)	(64,944)	(70,751)
At 31 March 2019	9,642	315,301	119,560	(4,145)	(415,448)	24,910

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 acquisitions or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the number of issued shares excluding treasury shares and subsidiary holdings of the Company, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

There were no changes in the share capital of the Company since the end of the third quarter ended 31 December 2019. The Company has no outstanding convertibles.

The Company did not have treasury shares or subsidiary holdings as at 31 March 2020 and 31 March 2019.

1(d)(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 shares excluding treasury shares as at 31 March 2020 was 96,422,103 (31 March 2019: 96,422,103). As at 31 March 2020 and 31 March 2019, there were no treasury shares outstanding.

1d(iv) A statement showing all sales, transfers, cancellation, and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1d(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications 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 financial statements for the financial year ended 31 March 2019 (“FY2019”) were subject to a qualified opinion by the Company’s independent auditors, Baker Tilly TFW LLP, in relation to two issues, (1) the refundable advances paid to Mr. Xiaoxin Wang in connection with the previous proposed acquisition of First Linkage Inc. and (2) advances to suppliers and third parties.

With regards to the refundable advances, HK\$2.8 million had been refunded by Mr. Xiaoxin Wang in Q3FY2020. Mr. Xiaoxin Wang and First Linkage Inc. have also agreed to apply the unrefunded balance of the advances towards the payment of the consideration sum for the proposed acquisition of Xinjiang Zhongtong Internet Science and Technology Development Co., Ltd. (“XJZT”) in the manner announced by the Company on 3 December 2019 subject to the necessary approvals being obtained for the acquisition of XJZT.

Due to the outbreak of COVID-19 since January 2020, the economic situation has been seriously impacted. With regards to the advances to suppliers and third parties, the Company will continue to monitor the economic environment with a focus on maintaining the Company’s relationship with these suppliers and third parties. The Company confirms that there are no known material issues that would adversely affect the ability of the suppliers and third parties to fulfil their obligations under the said advances, save for unavoidable delays in the originally agreed or expected schedules in light of the COVID-19 situation and resulting impacts.

The Company has a tight relationship with these suppliers and third parties and has made all reasonable efforts to ascertain that the nutrition business is still ongoing as usual.

(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 has been adequately disclosed.

4. Whether the same accounting policies and methods of computation as in the Company’s most recently audited annual financial statements have been applied.

The same accounting policies and methods of computation as our last audited annual financial statements have been applied.

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 were no changes in the accounting policies and methods of computation.

6. Earnings/ (loss) 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.

	Q4FY2020	Q4FY2019
	HK cents	HK cents
(a) Based on the weighted average number of ordinary shares on issue; and	(5.15)	(93.96)
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	(5.15)	(93.96)

Note 6(a): For Q4FY2020, the calculation of basic loss per share was based on loss attributable to equity holders of the Company of HK\$4,966,000 and the weighted average of 96,422,103 ordinary shares in issue.

For the corresponding period of the immediately preceding financial year ended 31 March 2019 (“Q4FY2019”), the calculation of basic profit per share was based on profit attributable to equity holders of the Company of HK\$90,596,000 and the weighted average of 96,422,103 ordinary shares in issue.

Note 6(b): Fully diluted (loss)/profit per share for Q4FY2020 and Q4FY2019 are the same as (loss)/profit per share based on weighted average number of ordinary shares since there was no potential dilutive ordinary shares outstanding during Q4FY2020 and Q4FY2019.

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

	As at 31/03/2020	As at 31/03/2019
	HK\$	HK\$
<u>The Company</u>		
Net asset value per ordinary share based on the number of shares excluding treasure shares	0.15	0.26
<u>The Group</u>		
Net asset value per ordinary share based on the number of shares excluding treasure shares	0.36	0.59

The calculation of net asset value per share of the Company was based on the Company's net asset value of HK\$14,039,000 as at 31 March 2020 (at 31 March 2019: HK\$24,910,000) and 96,422,103 ordinary shares in issue as at 31 March 2020 (at 31 March 2019: 96,422,103).

The calculation of net asset value per share of the Group was based on the Group's net asset value of HK\$34,664,000 as at 31 March 2020 (at 31 March 2019: HK\$56,952,000) and 96,422,103 ordinary shares in issue as at 31 March 2020 (at 31 March 2019: 96,422,103).

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.**

Income statement

Revenue

In Q4FY2020, the Group recorded revenue of approximately HK\$5.7 million as compared to HK\$8.2 million in Q4FY2019. Majority of the revenue was generated by the Group's subsidiary, NFC. By December 2019, the outbreak of COVID-19 started in China. Due to the strict actions taken by Chinese authorities to control the transmission of the virus, most of the enterprises suffered huge economic losses due to the incident. NFC also closed its office in Chengdu and most of the staff worked from home. The factory also temporarily closed for almost one month. Sales orders from customers were significantly reduced. Since April 2020, the reported number of COVID-19 cases in China started to decrease, but some of the preventive measures such as the wearing of masks and safe distancing are currently still maintained. The whole economy is expected to improve gradually and the Company's operation will recover accordingly.

Other Income/expenses

The Group recorded HK\$2.8 million of other expense in Q4FY2020 which represented the loss due to a disposal of inventories by NFC.

Operating expenses

In Q4FY2020, the Group reported distribution expenses of approximately HK\$0.5 million as compared to HK\$1.4 million in Q4FY2019; and administrative expenses of approximately HK\$1.7 million in Q4FY2020 as compared to approximately HK\$89.5 million in Q4FY2019.

The HK\$0.9 million decrease in the distribution expenses in Q4FY2020 was mainly due to the shutdown of business in January and February 2020.

The Group recorded HK\$87.8 million decrease in administrative expenses in Q4FY2020 as compared to Q4FY2019. In Q4FY2019, the Group recorded HK\$9.3 million impairment losses on financial assets, HK\$22.1 million impairment losses on property, plant and equipment, HK\$43.7 million impairment losses on intangible assets, HK\$5.5 million allowance for impairment losses on advances to suppliers and HK\$1.1 million inventories written down, all of which has not been recorded in Q4FY2020.

Finance costs

The Group recorded HK\$1.9 million in finance costs in Q4FY2020. It mainly represents the interest incurred for the Group's third party loan and NFC's bank loan in the PRC.

Income tax expense

The Group recorded HK\$157,000 deferred tax credit in Q4FY2020 for NFC operating losses in Q4FY2020.

Net loss attributable to shareholders

Overall, the Group recorded a net loss attributable to shareholders of approximately HK\$5.0 million in Q4FY2020 as compared to a net loss of approximately HK\$90.6 million in Q4FY2019.

Balance sheet

Non-current assets

Other receivables

The Group recorded HK\$47.8 million of other receivables as at 31 March 2020. It mainly represents the prepayment to acquire hardware and software of internet business.

Land use right

The Group recorded HK\$5.0 million for land use right as at 31 March 2020. This is held by NFC for its factory and office areas.

Current assets

Inventories

The Group recorded HK\$7.1 million inventories as at 31 March 2020. This mainly represents the finished goods, works in progress and raw materials held by NFC. There is a decrease of HK\$5.8 million as compared to HK\$12.9 million as at 31 March 2019 which is due to the slowdown of production due to the outbreak of COVID-19.

Trade receivables

The Group recorded HK\$13.4 million trade receivables as at 31 March 2020, which mainly attributed to NFC. Compared to HK\$9.5 million in trade receivables as at 31 March 2019, the HK\$3.9 million increase is mainly from the main customers of NFC due to the decrease in business in Q4FY2020 due to the worsening of the COVID-19 situation. The main customers were also severely impacted, which resulted in an increase in payment delays.

Prepayments, deposits and other receivables

The Group recorded HK\$114.5 million prepayments, deposits and other receivables as at 31 March 2020. It mainly comprises the advance previously paid by the Company to Mr. Xiaoxin Wang in connection with the previous proposed acquisition of First Linkage Inc.

Current liabilities

Trade and other payables

Trade and other payables amounted to HK\$26.9 million as at 31 March 2020, which is an increase of HK\$7.8 million from HK\$19.1 million as at 31 March 2019. It is mainly due to delayed payments from NFC to the suppliers due to the impact of COVID-19.

Short term loans

The bank loans of an aggregate sum of HK\$46.5 million as at 31 March 2020 includes HK\$26.7 million third party loans for which the maturity dates are during the period from 31 March 2020 to 31 March 2021 as well as HK\$3.6 million of accrued interest, and a HK\$16.2 million bank loan secured by NFC's land use right.

Non-current liabilities

Long term loans

The Group recorded HK\$91.2 million in long term payables as at 31 March 2020. It represents the Company's receipt of a third party loan from investors with an annual interest rate of 3.5% and 7.4% for three years to four years as at 31 March 2020.

Cash Flow Statement

The Group recorded a net cash outflow of HK\$3.1 million from operating activities in Q4FY2020 as compared to a net cash outflow of HK\$1.7 million in Q4FY2019. It has no significant fluctuation of cash flow from operating activities between Q4FY2020 and Q4FY2019.

The Group recorded HK\$6.8 million of cash outflow from investing activities in Q4FY2020 as compared to HK\$22.1 million of cash outflow in Q4FY2019. It is due to HK\$22.2 million refund from customers and suppliers in Q4FY2019.

The Group recorded HK\$194,000 cash outflow from financing activities in Q4FY2020 as compared to HK\$3.0 million cash inflow in Q4FY2019. It is mainly due to HK\$3.0 million interests paid in Q4FY2019.

As at 31 March 2020, the Group remained in a cash balance position of HK\$3.8 million.

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

Not applicable.

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.

Due to the COVID-19 virus outbreak sometime in late December 2019, NFC's factory temporarily ceased the manufacturing of goods until the Chinese New Year holidays in 2020 were over. As at 10 May 2020, there are approximately 4.1 million reported cases and 280,000 deaths in the world including 84,000 reported cases and 4,600 deaths in China. The economy of the world has been seriously impacted and most of the business operations have been suspended as well.

In Q4FY2020, the Group's wholly-owned subsidiary, NFC, recorded HK\$5.7 million in revenue which is a 30% decrease as compared to HK\$8.2 million in Q4FY2019. Majority of the Group's revenue was generated by NFC. In this quarter, due to the outbreak of COVID-19 since December 2019, Chinese authorities released strict rules and regulations to prevent the further transmission of the virus. It included suspension of social activities, meetings and most of the business operations. Therefore, NFC's business has been seriously impacted as well. Although the business started to resume step by step since March 2020, it will take long time before the economy returns to the state prior to the COVID-19 outbreak.

In current quarter, most of the small distributors stopped their business operations. NFC's main customers continue to contribute over 65% of revenue to NFC. To maintain relationship and the market share, NFC offered special prices, provided marketing and promotional support, and extended the credit terms to the main customers. However, these main customers faced various challenges and were affected by the dropdown of economy as well. In addition, most of the marketing activities were also suspended. NFC is organizing resources and expect to re-start necessary actions once the impact of COVID-19 ends.

In Q4FY2020, NFC continued to import products of mixed drinks of Lutein ester and blueberry and crispy oatmeal. So far, the profit margin of the imported products is low and the sales of the imported products have not materially contributed to the revenue yet. Considering the situation of COVID-9 in North America, NFC would continue monitoring the situation and will make a decision regarding its imported products from North America in due course.

NFC's main customers are likewise facing similar business disruptions which has led to much uncertainty in the industry. Unless the situation improves, the Company believes that the Company's performance may be significantly and adversely affected. However, due to the unpredictability of the situation, the Company is unable to estimate the amount of losses that may be suffered for the next reporting period and over a period of time.

The Company expects to be able to have more clarity by the end of the next reporting period and will disclose all relevant information in the next financial results announcement. Meanwhile, the Company is taking all necessary measures to minimize losses where possible.

11. If a decision regarding dividend has been made:—

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend has been declared or recommended during the period under review.

(b) (i) Amount per share cents

Not applicable.

(ii) Previous corresponding period cents

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. 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 Q4FY2020, the Group recorded accumulated losses of HK\$350,148,000. 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.

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

14. 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.

15. 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

Luk Chung Po, Terence

Chief Executive Officer and Executive Director

15 May 2020