



(Registration No: EC 32308)

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

Financial statements on combined results of NutryFarm International Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the 18 months financial period from 1 April 2019 to 30 September 2020 (“**FY2020**”). 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, or a 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 Financial Period from 1 April 2019 to 30 September 2020¹
(Expressed in Hong Kong thousand dollars)

	FY2020	FY2019	Change
	Note 1	Note 1	
	HK\$'000	HK\$'000	%
Revenue	61,567	44,042	40
Cost of sales	(39,684)	(26,121)	52
Gross profit	21,883	17,921	22
Other (expenses)/income	(932)	4,383	NM
Distribution expenses	(6,858)	(7,718)	(11)
Administrative expenses	(44,269)	(98,180)	(55)
Finance costs	(11,445)	(7,749)	48
Loss before income tax	(41,621)	(91,343)	(54)
Income tax expenses	(118)	(1,893)	(94)
Loss for the period/year	(41,739)	(93,236)	(55)
Loss attributable to:			
Equity holders of the Company	(41,739)	(93,236)	(55)
Non-controlling interest	-	-	NM
Loss for the period/year	(41,739)	(93,236)	(55)

NM - Not meaningful

Note 1: FY2020 represents the 18 months financial period from 1 April 2019 to 30 September 2020.

FY2019 represents the financial year from 1 April 2018 to 31 March 2019.

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

NUTRYFARM INTERNATIONAL LIMITED
Group Statement of Comprehensive Income
For the Financial Period from 1 April 2019 to 30 September 2020¹
(Expressed in Hong Kong thousand dollars)

	FY2020	FY2019	Change
	Note 1	Note 1	
	HK\$'000	HK\$'000	%
Loss for the period/year	(41,739)	(93,236)	(55)
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit or loss: currency translation differences arising on consolidation, net of tax	(1,293)	(8,867)	(85)
Total comprehensive loss for the period/year	(43,032)	(102,103)	(58)
Total comprehensive loss attributable to:			
Equity holders of the Company	(43,032)	(102,103)	(58)
Non-controlling interest	-	-	NM
Total comprehensive loss for the period/year	(43,032)	(102,103)	(58)

NM - Not meaningful

Note 1: FY2020 represents the 18 months financial period from 1 April 2019 to 30 September 2020.

FY2019 represents the financial year from 1 April 2018 to 31 March 2019.

1(a) Notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

	FY2020	FY2019
	Note 1	Note 1
	HK\$'000	HK\$'000
Interest income	(326)	(355)
Interest expenses on bank loans	1,382	830
Interest expenses on loans from third parties	10,023	6,919
Depreciation of property, plant and equipment	644	3,356
Impairment losses on financial assets	8,003	9,277
Impairment losses on property, plant and equipment	9,340	22,096
Impairment losses on intangible assets	-	43,687
Impairment losses on advance to suppliers	7,753	5,005
Write down of inventories	2,798	1,073
Amortisation of land use rights	451	134
Amortisation of intangible assets	-	199

Note 1: FY2020 represents the 18 months financial period from 1 April 2019 to 30 September 2020.

FY2019 represents the financial year from 1 April 2018 to 31 March 2019.

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

NUTRYFARM INTERNATIONAL LIMITED
Balance Sheet
as at 30 September 2020
(Expressed in Hong Kong thousand dollars)

	The Group		The Company	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	As at 30/09/2020	As at 31/03/2019	As at 30/09/2020	As at 31/03/2019
Non-current assets				
Investment in subsidiaries	-	-	76,447	76,447
Property, plant and equipment	40,326	10,811	-	-
Other receivables	1,153	25,005	-	-
Right-of-use assets	5,971	5,621	-	-
	47,450	41,437	76,447	76,447
Current assets				
Inventories	8,008	12,902	-	-
Trade receivables	5,123	9,492	-	-
Prepayments, deposits and other receivables	98,017	100,714	125	133
Amounts due from subsidiaries	-	-	141,552	150,754
Tax recoverable	-	327	-	-
Cash and cash equivalents	8,781	47,380	348	1,555
	119,929	170,815	142,025	152,442
Current liabilities				
Trade and other payables	12,927	19,107	12,211	9,394
Contract liabilities	1,262	1,262	-	-
Short term loans	25,030	15,105	10,023	-
Amounts due to subsidiaries	-	-	74,439	74,759
	39,219	35,474	96,673	84,153
Net current assets	80,710	135,341	45,352	68,289
Non-current liabilities				
Long term loans	114,240	119,826	114,240	119,826
	114,240	119,826	114,240	119,826
Net assets	13,920	56,952	7,559	24,910
Equity				
Capital and reserves attributable to equity shareholders of the Company				
Share capital	9,642	9,642	9,642	9,642
Reserves	4,278	47,310	(2,083)	15,268
Total equity attributable to equity holders of the Company	13,920	56,952	7,559	24,910
Total equity	13,920	56,952	7,559	24,910

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand

As at 30/09/2020 In HK\$'000		As at 31/03/2019 In HK\$'000	
Secured	Unsecured	Secured	Unsecured
15,007	10,023	15,105	-

Amount repayable after one year

As at 30/09/2020 In HK\$'000		As at 31/03/2019 In HK\$'000	
Secured	Unsecured	Secured	Unsecured
-	114,240	-	119,826

Details of collaterals

The borrowings of HK\$15.0 million as at 30 September 2020 is secured by the 34,165 square meters land use right and building of NutryFarm (Chengdu) Biomedicine Limited ("NFC").

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

NUTRYFARM INTERNATIONAL LIMITED
Group Cash Flow Statement
For the Financial Period from 1 April 2019 to 30 September 2020¹
(Expressed in Hong Kong thousand dollars)

	FY2020 Note 1 HK\$'000	FY2019 Note 1 HK\$'000
Cash flows from operating activities		
Loss before tax	(41,621)	(91,343)
Adjustments for:		
Amortisation of land use rights	451	134
Amortisation of intangible assets	-	199
Depreciation of property, plant and equipment	644	3,356
Net impairment losses on financial assets	8,003	9,277
Impairment losses on property, plant and equipment	9,340	22,096
Impairment losses on intangible assets	-	43,687
Allowance for impairment losses on advances to suppliers	7,753	5,005
Interest income	(326)	(355)
Interest expenses	11,405	7,749
Inventories written down	2,798	1,073
Unrealised foreign exchange losses	-	1,331
Gain on modification on the terms of loans from third parties	-	(2,351)
Operating cash flows before changes in working capital	(1,553)	(142)
Changes in operating assets and liabilities		
Inventories	2,096	(1,406)
Trade and other receivables	(35,909)	24,063
Trade and other payables	(6,178)	(5,418)
Currency translation adjustments	(483)	(3,075)
Cash (used in)/generated in from operations	(42,027)	14,022
Income tax paid	57	(410)
Net cash flows (used in)/generated from operating activities	(41,970)	13,612

Note 1: FY2020 represents the 18 months financial period from 1 April 2019 to 30 September 2020.

FY2019 represents the financial year from 1 April 2018 to 31 March 2019.

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

NUTRYFARM INTERNATIONAL LIMITED
Group Cash Flow Statement (Continued)
For the Financial Period from 1 April 2019 to 30 September 2020¹
(Expressed in Hong Kong thousand dollars)

	FY2020 Note 1 HK\$'000	FY2019 Note 1 HK\$'000
Cash flows from investing activities		
Interest received	326	355
Purchase of property, plant and equipment	(22,182)	(460)
Advance paid for proposed acquisition	-	(32,000)
Deposits paid for acquisition of property, plant and equipment	-	(23,552)
Refund for the proposed acquisition	36,669	-
Net cash generated/(used in) investing activities	14,813	(55,657)
Cash flows from financing activities		
Interest paid	(11,405)	(3,776)
Drawdown of bank loans	15,105	14,993
Proceeds from Director of the Company	-	685
Repayment of bank loans	(15,105)	(14,993)
Repayment to Director of the Company	-	(685)
Proceeds from loans from third parties	-	56,959
Net cash (used in)/generated from financing activities	(11,405)	53,183
Net (decrease)/increase in cash and cash equivalents	(38,562)	11,138
Cash and cash equivalents at beginning of the period/year	47,380	36,160
Effect of foreign exchange rate changes	(37)	82
Cash and cash equivalents at end of the period/year	8,781	47,380

Note 1: FY2020 represents the 18 months financial period from 1 April 2019 to 30 September 2020.

FY2019 represents the financial year from 1 April 2018 to 31 March 2019.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation 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	-	-	-	-	(1,293)	-	(1,293)
Loss for the period	-	-	-	-	-	(41,739)	(41,739)
At 30 September 2020	9,642	315,301	119,560	(45,505)	(7,739)	(377,339)	13,920

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 loss for the period, net of tax:							
- Currency translation differences	-	-	-	-	(8,867)	-	(8,867)
Loss for the year	-	-	-	-	-	(93,236)	(93,236)
At 31 March 2019	9,642	315,301	119,560	(45,505)	(6,446)	(335,600)	56,952

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
Other comprehensive loss for the period, net of tax:						
- Currency translation differences	-	-	-	(1,356)	-	(1,356)
Loss for the period	-	-	-	-	(15,995)	(15,995)
At 30 September 2020	9,642	315,301	119,560	(5,501)	(431,443)	7,559

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
Other comprehensive loss for the period, net of tax:						
- Currency translation differences	-	-	-	(5,807)	-	(5,807)
Loss for the year	-	-	-	-	(68,238)	(68,238)
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 acquisition 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 total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. 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 fifth quarter ended 30 June 2020. The Company has no outstanding convertibles. The Company announced a share placement on 21 September 2020 which has been approved on 11 November 2020 and completed on 17 November 2020.

The Company did not have treasury shares or subsidiary holdings as at 30 September 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 30 September 2020 was 96,422,103 (31 March 2019: 96,422,103). As at 30 September 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 auditing standard or practice.**

The Group adopts the International Financial Reporting Standards ("IFRS"). The figures have not been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

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

(a) Updates on the efforts taken to resolve each outstanding audit issue

The financial statements for 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\$36.7 million had been refunded by Mr. Xiaoxin Wang in FY2020. Mr. Xiaoxin Wang and First Linkage Inc. have also agreed to apply the unrefunded balance of the advances in the next 3 years.

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 issuer's most recently audited annual financial statements have been applied.

The Group's financial statements for the financial period ended 30 September 2020 were prepared in accordance with IFRS. The Group has performed a detailed analysis of the transition options and other requirements of IFRS and has determined that there are no significant changes to the Group's current accounting policies under the IFRS or material adjustments on the initial transition to the new framework.

Other than the adoption of the new IFRS, amendments and interpretations of the IFRS which took effect from the current financial period, there were no significant changes in the accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements.

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.**

Please refer to paragraph 4 above.

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

	FY2020	FY2019
	HK cents	HK cents
(a) Based on the weighted average number of ordinary shares on issue; and	(43.29)	(96.70)
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	(43.29)	(96.70)

Note 6(a): For FY2020, the calculation of basic loss per share was based on loss attributable to equity holders of the Company of HK\$41,739,000 and the weighted average of 96,422,103 ordinary shares in issue.

For FY2019, the calculation of basic loss per share was based on loss attributable to equity holders of the Company of HK\$93,236,000 and the weighted average of 96,422,103 ordinary shares in issue.

Note 6(b): Fully diluted loss per share for FY2020 and FY2019 are the same as loss per share based on weighted average number of ordinary shares since there was no potential dilutive ordinary shares outstanding during FY2020 and FY2019.

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

	As at 30/09/2020	As at 31/03/2019
	HK\$	HK\$
<u>The Company</u>		
Net asset value per ordinary share based on the number of shares excluding treasury shares	0.08	0.26
<u>The Group</u>		
Net asset value per ordinary share based on the number of shares excluding treasury shares	0.14	0.59

The calculation of net asset value per share of the Company is based on the Company's net asset value of HK\$7,559,000 (at 31 March 2019: HK\$24,910,000) and 96,422,103 ordinary shares in issue as at 30

September 2020 (at 31 March 2019: 96,422,103).

The calculation of net asset value per share of the Group is based on the Group's net asset value of HK\$13,920,000 (at 31 March 2019: HK\$56,952,000) and 96,422,103 ordinary shares in issue as at 30 September 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 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 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 FY2020, the Group recorded revenue of approximately HK\$61.6 million as compared to HK\$44.0 million in FY2019. Majority of the revenue was generated by the Group's subsidiary, NFC. Since there were 18 months in FY2020, the average monthly revenue has decreased by 9% as compared to FY2019. It is mainly due to the restrictive regulations imposed by the People's Republic of China ("PRC") authorities on advertisements relating to nutrition products. Due to the outbreak of COVID-19 since January 2020, the business activities of nutrition products were seriously impacted. The distributors also cut down on the marketing promotions and the contact with consumers. NFC will continue to monitor the situation of COVID-19 and adjust the business strategy to adapt to the new business operations in the effort to improve sales.

Other expenses

The Group reported HK\$0.9 million in other expenses in FY2020. It mainly represented HK\$2.5 million loss on write down of obsolete inventories which has been off-set by HK\$1.6 million investment income, government subsidy and other service income.

Operating expenses

In FY2020, the Group reported distribution expenses of approximately HK\$6.9 million as compared to HK\$7.7 million in FY2019; administrative expenses of approximately HK\$44.3 million in FY2020 as compared to approximately HK\$98.2 million in FY2019.

The decrease of HK\$0.8 million of distribution expenses in FY2020 as compared to FY2019 is mainly due to cut in staff costs and travel expenses.

The administrative expenses in FY2019 mainly included:

- i) HK\$22.1 million for the impairment of property, plant and equipment. This impairment is because of the drop in revenue generated as well as the drop in gross profit margin achieved by NFC;
- ii) HK\$0.9 million for the impairment of intangible assets and HK\$42.8 million for the impairment of

goodwill. Those intangible assets and goodwill are related to the consolidation of NFC. The impairment is due to the significant decrease in revenue generated as well as the drop in gross profit margin achieved by NFC; and

- iii) HK\$4.0 million for the impairment of trade receivables and HK\$10.2 million for the impairment of other receivables due to the long ageing of uncollected and unrecovered items.

The administration expenses in FY2020 included:

- i) HK\$9.3 million for the impairment of property, plant and equipment; and
- ii) HK\$15.8 million for the impairment of other receivable and advances to third parties.

Finance costs

The Group recorded HK\$11.4 million in finance costs in FY2020 which is a HK\$3.7 million increase compared to that in FY2019. It mainly represents HK\$1.4 million interest for the short-term bank loan obtained by NFC and HK\$10.0 million interest for the long-term third party loan obtained by the Group which has a maturity period of 2-3 years and annual interest rates of 3.5% to 7.4%.

Income tax expense

The Group recorded HK\$0.1 million of income tax expense in NFC in FY2020.

Net (loss)/profit attributable to shareholders

Overall, the Group recorded a net loss attributable to shareholders of approximately HK\$41.7 million in FY2020 compared to a net loss of approximately HK\$93.2 million in FY2019.

Balance sheet

Property, plant and equipment

Property, plant and equipment was recorded as HK\$40.3 million as at 30 September 2020, which represents an increase of HK\$29.5 million as compared to HK\$10.8 million as at 31 March 2019. It is mainly due to the purchase of internet related property, plant and equipment.

Right-of-use assets

The Group recorded HK\$6.0 million right-of-use assets including HK\$5.0 million land use right as at 30 September 2020. This is held by NFC for its factory and office areas.

Inventories

The Group recorded HK\$8.0 million in inventories as at 30 September 2020. This mainly represents the finished goods, work in progress and raw materials held by NFC. The HK\$4.9 million decrease compared to HK\$12.9 million as at 31 March 2019 was due to the HK\$2.5 million write down of obsolete inventories made by NFC in FY2020.

Trade receivables

The Group recorded HK\$5.1 million trade receivables as at 30 September 2020, which mainly attributed from NFC. It decreased by HK\$4.6 million from that of HK\$9.5 million as at 31 March 2019. The decrease of trade receivables is mainly due to the drop in revenue.

Prepayments, deposits and other receivables

The Group recorded HK\$98.0 million prepayments, deposits and other receivables as at 30 September 2020. It includes HK\$54.7 million refundable deposit previously paid by the Company to Mr. Xiaoxin Wang in connection with the previous proposed acquisition of First Linkage Inc. and HK\$32.9 million advances to business partners. Mr. Xiaoxin Wang agreed to settle all refundable deposit within 3 years and NFC will also take positive action to recover the advances paid to business partners.

Trade and other payables

Trade and other payables amounted to HK\$12.9 million as at 30 September 2020, which is HK\$6.2 million decrease from that of HK\$19.1 million as at 31 March 2019. The decrease is mainly due to the decrease in material purchase in FY2020.

Short term loans

The Group recorded HK\$25.0 million in short term loans as at 30 September 2020. It includes HK\$10.0 million accrued interests to the third party loans and HK\$15.0 million bank loan which were secured by land use right and office areas held by NFC.

Long term loans

The Group recorded HK\$114.2 million in long term payables as at 30 September 2020. It represents a third-party loan obtained by the Company from investors with annual interest rates of 3.5% to 7.4% and maturity periods of two years to three years.

Cash Flow Statement

The Group recorded a net cash outflow of HK\$42.0 million from operating activities in FY2020 as compared to a net cash inflow of HK\$13.6 million in FY2019. The decrease of cash flow of operating activities in FY2020 is mainly due to HK\$41.0 million advance to the Group's business partners. The Company has a tight relationship with these business partners and has made all reasonable efforts to ascertain that the nutrition business is still ongoing as usual.

The Group recorded HK\$14.8 million net cash inflow from investing activities in FY2020 as compared to a net cash outflow of HK\$55.7 million in FY2019. The investing activities in FY2020 mainly included HK\$22.2 million purchase of property, plant and equipment, and HK\$36.7 refund of the prepayment for the proposed acquisition of an association. The investing activities in FY2019 mainly included a HK\$32.0 million refundable deposit for a proposed acquisition of an associated company and HK\$23.6 million of prepayment to purchase property, plant and equipment.

The Group recorded HK\$11.4 million net cash outflow from financing activities in FY2020 as compared to a net cash inflow of HK\$53.2 million in FY2019. The financing activity in FY2020 mainly represented the interests paid for the short-term bank loan obtained by NFC and the long-term third parties loan obtained by the Company. In FY2019, NFC obtained HK\$57.0 million third party loans which led to the HK\$57.0 million cash inflow of financing activities.

As at 30 September 2020, the Group remained in a cash balance position of HK\$8.8 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.

In FY2020, the Group recorded HK\$61.6 million revenue from its 100% owned subsidiary – NFC, which is 9% less than that of FY2019 when taking into consideration that FY2020 covered a financial period of 18 months. The reason for the decrease is mainly because of several reasons: 1) the PRC authorities carried out increasingly tighter restrictions on the sales and marketing of nutrition products. NFC and its distributors could not launch advertisements and organize meetings etc; 2) NFC and its distributors have been seriously impacted by other e-commerce competitors such as By-Health and the significant increase of other business platforms including Tiktok and Tmall etc; and 3) Due to the outbreak of COVID-19, the distributors could not keep in touch with the consumers, leading to a decrease in revenue.

In the future, NFC would like to strengthen its local marketing strategy to minimize the impact of the new advertisement law introduced in the PRC and continue cooperating with existing major customers and distributors who will share their databases with NFC. NFC will adjust its products strategy accordingly. Meanwhile, NFC would like to increase the imported sales from North America including flax seed oil, blueberry juice/wine and cranberry cereal etc. With the intention to enhance the production capability, NFC has started some Original Equipment Manufacturer and Original Design Manufacturer businesses in FY2020. The imported products already realized HK\$10.3 million revenue in FY2020 and is expected to contribute more in the future.

The key products of NFC will continuously be products for joint, skin enhancement, diabetes, weight-loss, heart, blood vessel and anti-oxidization products etc., as well as some nature foods such as polyprotein powder, nutrition powder, oatmeal and coconut powder etc. Further, NFC will maintain its research and development plan and expects to obtain further licenses of new products. With these new products, NFC will diversify its products structure and increase its revenue and profitability.

Apart from the continuous efforts to improve the sales performance of our health products of NFC in China as mentioned above, the Company has also been actively exploring new business opportunities which is complementary to our existing business in order to enable the Company to diversify and to enhance its overall business performance hopefully after the economy recovers from the post-Covid19 era in particular in the PRC and Southeast Asia countries. Pursuant to the announcement released on 22 December 2020, the Company has incorporated a wholly-owned subsidiary in Singapore, namely Global Agricapital Holdings Pte. Ltd., the principal business activities of which includes (1) the wholesale of fruits and vegetables (including fresh and frozen); and (2) other canning and preserving of fruits and fruit juices. Following the appointment of Mr. Cheng Meng as executive director of the Company with effect from 10 December 2020, who possesses strong management skills and proven entrepreneur experience in the plantation, trading and value-added processing of tropical fruits, with durian in particular, and his designated efforts to develop and to oversee this new business opportunity, the Board believes that this new business opportunity will enhance the sales performance of the Group in a meaningful magnitude and will have positive impact on both the earnings as well as cash flow of the Group in FY2021 and beyond. We will keep shareholders posted on the development progress of this new business opportunity from time to time.

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

(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 year under review.

As at the financial period ended 30 September 2020, the Group has recorded an accumulated loss of HK\$377,339,000. Therefore, the Group is focusing on the strategy to enhance the Group's profitability and would declare a dividend if and when the Group achieves enough profits and positive cash flow.

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)

Not applicable.

15. Confirmation that the issuer 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.

PART II. ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	FY2020	FY2019
	Note 1	Note 1
	HK\$'000	HK\$'000
Revenue		
PRC	61,567	44,042
Hong Kong	-	-
	<u>61,567</u>	<u>44,042</u>
Profit / (loss) before taxation		
PRC	(24,718)	(39,328)
Hong Kong	(16,903)	(52,015)
	<u>(41,621)</u>	<u>(91,343)</u>
Capital expenditure		
PRC	22,182	460
Hong Kong	-	-
	<u>22,182</u>	<u>460</u>

Note: Capital expenditure comprises additions to property, plant and equipment and intangible assets.

Segment assets

PRC	55,867	66,192
Hong Kong	111,512	146,060
	<u>167,379</u>	<u>212,252</u>

Note 1: FY2020 represents the 18 months financial period from 1 April 2019 to 30 September 2020.

FY2019 represents the financial year ended 31 March 2019.

17. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to section 8 above.

18. A breakdown of sales as follows:-

	FY2020 Note 1 HK\$'000 Group	FY2019 Note 1 HK\$'000 Group	Change %
Sales reported for first 6 months of FY2020/first half year of FY2019	19,011	21,874	(13)
Operating loss after tax reported for the first 6 months of FY2020/first half year of FY2019	(6,438)	(3,733)	72
Sales reported for second 6 months of FY2020/second half year of FY2019	18,809	22,168	(15)
Operating loss after tax reported for the second 6 months of FY2020/second half year of FY2019	(8,110)	(89,503)	(91)
Sales reported for third 6 months of FY2020	23,747	N/A	NM
Operating loss after tax reported for the third 6 months of FY2020	(27,191)	N/A	NM

NM - Not Meaningful

Note 1: FY2020 represents the 18 months financial period from 1 April 2019 to 30 September 2020.

FY2019 represents the financial year ended 31 March 2019.

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:—

- (a) Ordinary**
- (b) Preference**
- (c) Total**

Not applicable.

- 20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13).

By Order of the Board

Luk Chung Po, Terence

Executive director

29 December 2020