



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 fifth quarter ended 30 June 2020 (“Q5FY2020”). 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 30 June 2020
(Expressed in Hong Kong thousand dollars)

	Three Months Ended 30.06			Fifteen Months Ended 30.06		
	Q5FY2020	Q1FY2020	Change	Q5FY2020	FY2019 plus Q1FY2020 (1)	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue	12,196	10,048	21	50,016	54,090	(8)
Cost of sales	(7,232)	(7,842)	(8)	(33,578)	(33,963)	(1)
Gross profit	4,964	2,206	125	16,438	20,127	(18)
Other (expenses)/income	8	415	(98)	(1,712)	4,798	NM
Distribution expenses	(495)	(1,642)	(70)	(5,452)	(9,360)	74
Administrative expenses	(3,670)	(3,030)	21	(16,280)	(101,210)	(84)
Finance costs	(1,872)	(1,736)	8	(9,248)	(9,485)	(2)
Loss before income tax	(1,065)	(3,787)	(72)	(16,254)	(95,130)	(83)
Income tax credit/(expense)	(44)	194	NM	597	(1,699)	NM
Loss for the period	(1,109)	(3,593)	(69)	(15,657)	(96,829)	(84)
Loss attributable to:						
Equity holders of the Company	(1,109)	(3,593)	(69)	(15,657)	(96,829)	(84)
Non-controlling interest	-	-	NM	-	-	NM
Loss for the period	(1,109)	(3,593)	(69)	(15,657)	(96,829)	(84)

NM - Not meaningful

Note (1): The 15-month period results ended 30 June 2019, which is computed by adding the results of the 3-month period ended 30 June 2019 to that of 12-month period ended 31 March 2019, is presented for comparative purposes only.

- 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 30 June 2020
(Expressed in Hong Kong thousand dollars)

	Three Months Ended 30.06			Fifteen Months Ended 30.06		
	Q5FY2020	Q1FY2020	Change	Q5FY2020	FY2019 plus Q1FY2020 (1)	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Loss for the period	(1,109)	(3,593)	(69)	(15,657)	(96,829)	(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	12	(3,931)	NM	(7,729)	(12,798)	(40)
Total comprehensive loss for the period	(1,097)	(7,524)	(85)	(23,386)	(109,627)	(79)
Total comprehensive loss attributable to:						
Equity holders of the Company	(1,097)	(7,524)	(85)	(23,386)	(109,627)	(79)
Non-controlling interest	-	-	NM	-	-	NM
Total comprehensive loss for the period	(1,097)	(7,524)	(85)	(23,386)	(109,627)	(79)

NM - Not meaningful

Note (1): The 15-month period results ended 30 June 2019, which is computed by adding the results of the 3-month period ended 30 June 2019 to that of 12-month period ended 31 March 2019, is presented for comparative purposes only.

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 30 June 2020
(Expressed in Hong Kong thousand dollars)

	The Group		The Company	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	As at 30/06/2020	As at 31/03/2019	As at 30/06/2020	As at 31/03/2019
Non-current assets				
Investment in subsidiaries	-	-	76,447	76,447
Property, plant and equipment	8,361	10,811	-	-
Other receivables	47,802	25,005	-	-
Land use right	4,955	5,621	-	-
	61,118	41,437	76,447	76,447
Current assets				
Inventories	7,909	12,902	-	-
Trade receivables	11,151	9,492	-	-
Prepayments, deposits and other receivables	113,594	100,714	147	133
Amounts due from subsidiaries	-	-	146,192	150,754
Tax recoverable	169	327	-	-
Cash and cash equivalents	9,743	47,380	236	1,555
	142,566	170,815	146,575	152,442
Current liabilities				
Trade and other payables	29,772	19,107	11,045	9,394
Contract liabilities	1,262	1,262	-	-
Short term loans	47,792	15,105	33,531	-
Amount due to subsidiaries	-	-	74,759	74,759
	78,826	35,474	119,335	84,153
Net current assets/(liabilities)	63,740	135,341	27,240	68,289
Non-current liabilities				
Long term loans	91,292	119,826	91,292	119,826
	91,292	119,826	91,292	119,826
Net assets	33,566	56,952	12,395	24,910
Equity				
Capital and reserves attributable to equity shareholders of the Company				
Share capital	9,642	9,642	9,642	9,642
Reserves	23,924	47,310	2,753	15,268
Total equity attributable to equity holders of the Company	33,566	56,952	12,395	24,910
Total equity	33,566	56,952	12,395	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 (Q5FY2020) 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 30/06/2020 In HK\$'000		As at 31/03/2019 In HK\$'000	
Secured	Unsecured	Secured	Unsecured
14,261	33,531	15,105	-

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

As at 30/06/2020 In HK\$'000		As at 31/03/2019 In HK\$'000	
Secured	Unsecured	Secured	Unsecured
-	91,292	-	119,826

Details of Collaterals

In the short term borrowings, HK\$14.3 million as at 30 June 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 30 June 2020
(Expressed in Hong Kong thousand dollars)

	Three Months Ended 30.06		Fifteen Months Ended 30.06	
	Q5FY2020 HK\$'000	Q1FY2020 HK\$'000	Q5FY2020 HK\$'000	FY2019 plus Q1FY2020 (1) HK\$'000
Cash flows from operating activities				
Loss before tax	(1,065)	(3,787)	(16,254)	(95,130)
Adjustments for:				
Amortisation of land use rights	4	240	666	374
Amortisation of intangible assets	-	-	-	199
Depreciation of property, plant and equipment	511	452	2,450	3,808
Net impairment losses on financial assets	-	-	-	9,277
Impairment losses on property, plant and equipment	-	-	-	22,096
Impairment losses on intangible assets	-	-	-	43,687
Allowance for impairment losses on advances to suppliers	-	-	-	5,005
Interest income	(140)	(201)	(757)	(556)
Interest expenses	2,629	1,736	10,003	9,485
Inventories written down	-	-	-	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	1,939	(1,560)	(3,892)	(1,702)
Changes in operating assets and liabilities				
Inventories	(828)	(1,329)	4,993	(2,735)
Trade and other receivables	3,371	(6,519)	(17,323)	17,544
Trade and other payables	4,335	634	6,818	(4,784)
Currency translation adjustments	(492)	-	(8,232)	(3,075)
Cash used in from operations	8,325	(8,774)	(17,636)	5,248
Income tax paid	(44)	(194)	597	(604)
Net cash flows (used in)/generated from operating activities	8,281	(8,968)	(17,039)	4,644
Cash flows from investing activities				
Interest received	140	201	757	556
Purchase of property, plant and equipment	-	-	(5,011)	(460)
Advance paid for proposed acquisition	-	-	-	(32,000)
Deposits paid for acquisition of property, plant and equipment	(22)	(22,478)	(22,797)	(46,030)
Advance to customers and suppliers	-	(2,251)	(9,667)	(2,251)
Refund for the proposed acquisition of a subsidiary/associated company	-	21,610	24,830	21,610
Repayment from customers and suppliers	-	-	-	-
Net cash (used)/generated in investing activities	118	(2,918)	(11,888)	(58,575)
Cash flows from financing activities				
Interest paid	-	(1,751)	(7,374)	(5,527)
Drawdown of bank loans	14,261	16,880	30,584	31,873
Proceeds from Director of the Company	-	-	-	685
Repayment of bank loans	(16,323)	(15,105)	(31,428)	(30,098)
Repayment to Director of the Company	-	-	-	(685)
Proceeds from loans from third parties	-	-	-	56,959
Net cash (used)/generated from financing activities	(2,062)	24	(8,218)	53,207
Net (decrease)/increase in cash and cash equivalents	6,337	(11,862)	(37,145)	(724)
Cash and cash equivalents at beginning of the period	3,780	47,380	47,380	36,160
Effect of foreign exchange rate changes	(374)	(676)	(492)	(594)
Cash and cash equivalents at end of the period	9,743	34,842	9,743	34,842

Note (1): The 15-month period results ended 30 June 2019, which is computed by adding the results of the 3-month period ended 30 June 2019 to that of 12-month period ended 31 March 2019, is presented for comparative purposes only.

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	-	-	-	-	(29)	-	(29)
Loss for the period	-	-	-	-	-	(4,966)	(4,966)
At 31 March 2020	9,642	315,301	119,560	(45,505)	(14,187)	(350,148)	34,663
Other comprehensive loss for the period, net of tax:							
- Currency translation differences	-	-	-	-	12	-	12
Loss for the period	-	-	-	-	-	(1,109)	(1,109)
At 30 June 2020	9,642	315,301	119,560	(45,505)	(14,175)	(351,257)	33,566

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
Other comprehensive loss for the year, 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

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
Loss for the period	-	-	-	-	(1,644)	(1,644)
At 30 June 2020	9,642	315,301	119,560	(4,145)	(427,963)	12,395

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
Loss for the period	-	-	-	-	(2,335)	(2,335)
At 30 June 2019	9,642	315,301	119,560	(4,145)	(417,783)	22,575

- 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 fourth quarter ended 31 March 2020. The Company has no outstanding convertibles.

The Company did not have treasury shares or subsidiary holdings as at 30 June 2020, 31 March 2019 and 30 June 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 June 2020 was 96,422,103 (31 March 2019: 96,422,103). As at 30 June 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.

	Q5FY2020	FY2019 plus Q1FY2020 (1)
	HK cents	HK cents
(a) Based on the weighted average number of ordinary shares on issue; and	(1.15)	(3.73)
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	(1.15)	(3.73)

Note (1): The 15-month period results ended 30 June 2019, which is computed by adding the results of the 3-month period ended 30 June 2019 to that of 12-month period ended 31 March 2019, is presented for comparative purposes only.

Note to 6(a): For Q5FY2020, the calculation of basic loss per share was based on loss attributable to equity holders of the Company of HK\$1,109,000 and the weighted average of 96,422,103 ordinary shares in issue.

For the corresponding period ended 30 June 2019 (“15M2019”), the calculation of basic profit per share was based on loss attributable to equity holders of the Company of HK\$3,593,000 and the weighted average of 96,422,103 ordinary shares in issue.

Note to 6(b): Fully diluted (loss)/profit per share for Q5FY2020 and 15M2019 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 Q5FY2020 and 15M2019.

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 30/06/2020	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	0.13	0.26
<u>The Group</u>		
Net asset value per ordinary share based on the number of shares excluding treasury shares	0.35	0.59

The calculation of net asset value per share of the Company was based on the Company's net asset value of HK\$12,395,000 as at 30 June 2020 (at 31 March 2019: HK\$24,910,000) and 96,422,103 ordinary shares

in issue as at 30 June 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\$33,566,000 as at 30 June 2020 (at 31 March 2019: HK\$56,952,000) and 96,422,103 ordinary shares in issue as at 30 June 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 Q5FY2020, the Group recorded revenue of approximately HK\$12.2 million as compared to HK\$10.0 million in the financial period ended 30 June 2019 (“15MFY2019”). Majority of the revenue was generated by the Group's subsidiary, NFC. By December 2019, the outbreak of COVID-19 started in China and later escalated into a worldwide pandemic. 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. With the subsequent decrease in the number of reported COVID-19 cases, the economy of China started to recover. Although sales orders from customers were still significantly impacted, NFC did its best efforts to turn the business around. In Q5FY2020, revenue increased by 21% as compared to 15MFY2019 and the gross margin increased from 22% to 41% accordingly.

Other Income/expenses

The Group recorded no material other income or expenses in Q5FY2020.

Operating expenses

In Q5FY2020, the Group reported distribution expenses of approximately HK\$0.5 million as compared to HK\$1.6 million in 15MFY2019; and administrative expenses of approximately HK\$3.7 million in Q5FY2020 as compared to approximately HK\$3.0 million in 15MFY2019.

The HK\$1.1 million decrease in the distribution expenses in Q5FY2020 was mainly due to the decrease of travelling expenses due to the COVID-19 pandemic.

The Group recorded HK\$0.7 million increase in administrative expenses in Q5FY2020 as compared to 15MFY2019. It is mainly due to the increase of research and development expenses in order to launch more products to turn around the business.

Finance costs

The Group recorded HK\$1.9 million in finance costs in Q5FY2020. 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\$44,000 taxation in Q5FY2020 which was for the income taxation of NFC.

Net loss attributable to shareholders

Overall, the Group recorded a net loss attributable to shareholders of approximately HK\$1.1 million in Q5FY2020 as compared to a net loss of approximately HK\$3.6 million in 15MFY2019.

Balance sheet

Non-current assets

Other receivables

The Group recorded HK\$47.8 million of other receivables as at 30 June 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 30 June 2020. This is held by NFC for its factory and office areas.

Current assets

Inventories

The Group recorded HK\$7.9 million inventories as at 30 June 2020. This mainly represents the finished goods, works in progress and raw materials held by NFC. There is a decrease of HK\$5.0 million as compared to HK\$12.9 million as at 31 March 2019 which is because NFC maintained lower inventory levels especially during the period of the outbreak of COVID-19.

Trade receivables

The Group recorded HK\$11.2 million trade receivables as at 30 June 2020, which mainly attributed to NFC. Compared to HK\$9.5 million in trade receivables as at 31 March 2019, the HK\$1.7 million increase is mainly from the main customers of NFC due to the increase in revenue.

Prepayments, deposits and other receivables

The Group recorded HK\$113.6 million prepayments, deposits and other receivables as at 30 June 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\$29.8 million as at 30 June 2020, which is an increase of HK\$10.7 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\$47.8 million as at 30 June 2020 includes HK\$30.2 million third party loans for which the maturity dates are during the period from 30 June 2020 to 30 June 2021 as well

as HK\$3.3 million of accrued interest, and a HK\$14.3 million bank loan secured by NFC's land use right.

Non-current liabilities

Long term loans

The Group recorded HK\$91.3 million in long term payables as at 30 June 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.

Cash Flow Statement

The Group recorded a net cash inflow of HK\$8.3 million from operating activities in Q5FY2020 as compared to a net cash outflow of HK\$9.0 million in 15MFY2019. It is mainly due to the increase in working capital from collections of receivables and deferred payment of payables.

The Group recorded HK\$118,000 of cash inflow from investing activities in Q5FY2020 as compared to HK\$2.9 million of cash outflow in 15MFY2019. It is due to HK\$2.3 million advancement to customers and suppliers in 15MFY2019.

The Group recorded HK\$2.1 cash outflow from financing activities in Q5FY2020 as compared to HK\$24,000 million cash inflow in 15MFY2019. It is mainly due to the repayment of a principal sum of HK\$2.1 million under a bank loan in Q5FY2020.

As at 30 June 2020, the Group remained in a cash balance position of HK\$9.7 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. With the reopening of China's economy, NFC did its best efforts to turn the business around. The economy of the world has been seriously impacted and most of the business operations have been suspended as well.

In Q5FY2020, the Group's wholly-owned subsidiary, NFC, recorded HK\$12.2 million in revenue which is a 21% increase as compared to HK\$10.0 million in 15MFY2019. Majority of the Group's revenue was generated by NFC. In this quarter, due to the outbreak of COVID-19 since December 2019, the Chinese authorities imposed 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. With the reopening of China's economy, NFC expects to increase its revenue soon in the coming quarters.

In Q5FY2020, 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 yet to materially contribute to the revenue. Considering the situation of COVID-9 in North America, NFC will continue to monitor the situation and will make a decision regarding its imported products from North America in due course.

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 and maintain the positive trend of the Company's business.

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 Q5FY2020, the Group recorded accumulated losses of HK\$351,257,000. 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 August 2020