



NUTRYFARM INTERNATIONAL LIMITED.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
("4Q2021") AND FULL YEAR ("FY2021") ENDED
30 SEPTEMBER 2021**



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

	Note	3 Months Ended 30.09			12 Months Ended	18 Months Ended	Change
		FY2021	FY2020	Change	FY2021	FY2020	
		HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	
Revenue	4	21,415	30,563	(30)	98,994	61,568	61
Cost of sales		(12,547)	(20,593)	(39)	(68,213)	(39,692)	72
Gross profit		8,868	9,970	(11)	30,781	21,876	41
Other income		606	4,464	(86)	978	1,853	(47)
Distribution expenses		(1,971)	(4,590)	(57)	(6,414)	(6,858)	(6)
Administrative expenses		(117,194)	(39,572)	196	(127,409)	(50,469)	152
Finance costs		(1,845)	(9,126)	(80)	(7,738)	(14,796)	(48)
Other expenses		(886)	-		(1,428)	-	
Loss before income tax	6	(112,422)	(38,854)	189	(111,230)	(48,394)	130
Income tax expenses	7	(978)	(439)	123	(925)	(118)	684
Loss for the period		(113,400)	(39,293)	189	(112,155)	(48,512)	131
Loss attributable to:							
Equity holders of the Company		(113,397)	(39,293)	189	(112,152)	(48,512)	131
Non-controlling interest		(3)	-	NM	(3)	-	NM
Loss for the period		(113,400)	(39,293)	189	(112,155)	(48,512)	131
Other comprehensive income/(loss)							
Items that are or may be reclassified subsequently to profit or loss:							
Currency translation differences arising on consolidation, net of tax		1,874	(288)	NM	3,645	(1,085)	NM
Total comprehensive income/(loss) for the period		(111,526)	(39,581)	182	(108,510)	(49,597)	119
Total comprehensive income/(loss) attributable to:							
Equity holders of the Company		(111,523)	(39,580)	182	(108,507)	(49,597)	119
Non-controlling interest		(3)	-	NM	(3)	-	NM
Total comprehensive income/(loss) for the period		(111,526)	(39,581)	182	(108,510)	(49,597)	119

NM - Not meaningful

The corresponding period refers to 18 months from 1 April 2019 to 30 September 2020 ("FY2020")

The corresponding quarter end refers to 3 months from 1 July 2020 to 30 September 2020 ("4Q2020")

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		As at 30/09/2021	As at 30/09/2020	As at 30/09/2021	As at 30/09/2020
Non-current assets					
Investment in subsidiaries	11	-	-	63,754	61,132
Property, plant and equipment	10	18,567	46,582	-	-
Intangible assets		640	567	-	-
Other receivables		1,202	1,153	-	-
		20,409	48,302	63,754	61,132
Current assets					
Inventories	12	16,642	8,008	-	-
Trade receivables	13	16,441	7,371	-	-
Prepayments, deposits and other receivables	13	36,853	112,442	133	133
Amounts due from subsidiaries		-	-	155,498	138,867
Cash and cash equivalents	14	48,469	8,689	11,427	256
		118,405	136,510	167,058	139,256
Current liabilities					
Trade and other payables	15	56,042	36,817	25,753	20,061
Contract liabilities		322	2,027	-	-
Income tax payable		3	-	-	-
Short term loans	16	98,027	55,068	82,380	39,972
Amount due to subsidiaries		-	-	68,470	70,871
		154,394	93,912	176,603	130,904
Net current assets		(35,989)	42,598	(9,545)	8,352
Non-current liabilities					
Finance Lease payables		83	-	-	-
Long term loans	16	44,165	83,545	44,165	83,545
		44,248	83,545	44,165	83,545
Net assets/(liabilities)		(59,828)	7,355	10,044	(14,061)
Equity					
Capital and reserves attributable to equity shareholders of the Company					
Share capital	17	13,742	9,642	13,742	9,642
Reserves		(73,595)	(2,287)	(3,698)	(23,703)
Total equity attributable to equity holders of the Company		(59,853)	7,355	10,044	(14,061)
Non-controlling interests		25	-	-	-
Total equity/(deficit)		(59,828)	7,355	10,044	(14,061)



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C. Condensed interim statements of changes in equity

Group	Share capital HK\$'000	Share premium HK\$'000	Contribution surplus reserve HK\$'000	Currency translation reserve HK\$'000	Fair value reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interest HK\$'000	Total equity/ (deficit) HK\$'000
Balance at 31 March 2019	9,642	315,301	119,560	(6,446)	(45,505)	(335,600)	56,952	-	56,952
Profit/(Loss) for the year	-	-	-	-	-	(48,512)	(48,512)	-	(48,512)
Other comprehensive loss for the year, net of tax:									
-Currency translation differences arising on consolidation	-	-	-	(1,085)	-	-	(1,085)	-	(1,085)
Total comprehensive (loss)/income for the year	-	-	-	(1,085)	-	(48,512)	(49,597)	-	(49,597)
Balance at 30 September 2020	9,642	315,301	119,560	(7,531)	(45,505)	(384,112)	7,355	-	7,355
Profit/(Loss) for the year	-	-	-	-	-	(112,152)	(112,152)	(3)	(112,155)
Share placement	4,100	37,199	-	-	-	-	41,299	28	41,327
Other comprehensive loss for the year, net of tax:									
-Currency translation differences arising on consolidation	-	-	-	3,645	-	-	3,645	-	3,645
Total comprehensive (loss)/income for the year	4,100	37,199	-	3,645	-	(112,152)	(67,208)	25	(67,183)
Balance at 30 September 2021	13,742	352,500	119,560	(3,886)	(45,505)	(496,264)	(59,853)	25	(59,828)



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Company	Share capital HK\$'000	Share premium HK\$'000	Contribution surplus reserve HK\$'000	Currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total (deficit)/ equity HK\$'000
Balance at 31 March 2019	9,642	315,301	119,560	(4,145)	(415,448)	24,910
Profit/(Loss) for the year	-	-	-	-	(37,902)	(37,902)
Other comprehensive loss for the year, net of tax:						
-Currency translation differences arising on consolidation	-	-	-	(1,069)	-	(1,069)
Total comprehensive (loss)/income for the year	-	-	-	(1,069)	(37,902)	(38,971)
Balance at 30 September 2020	9,642	315,301	119,560	(5,214)	(453,350)	(14,061)
Profit/(Loss) for the year	-	-	-	-	(17,194)	(17,194)
Share placement	4,100	37,199				41,299
Other comprehensive loss for the year, net of tax:						-
-Currency translation differences arising on consolidation	-	-	-	-	-	-
Total comprehensive (loss)/income for the year	4,100	37,199	-	-	(17,194)	24,105
Balance at 30 September 2021	13,742	352,500	119,560	(5,214)	(470,544)	10,044

D. Condensed interim consolidated statements of cash flows

	12 Months Ended 30 September 21	18 Months Ended 30 September 20
	HK\$'000	HK\$'000
Cash flows from operating activities		
Loss before tax	(111,230)	(48,394)
Adjustments for:		
Depreciation of property, plant and equipment	2,238	3,819
Finance costs	7,738	14,796
Interest income	(6)	(406)
Reversal of inventories written down	(264)	2,460
Net impairment losses on financial assets	-	9,629
Allowance on advances to supplier	18,548	6,108
Impairment loss on PPE	-	8,259
Allowance on trade and other receivables	82,642	-
Unrealised forex gain/(loss)	(687)	(1,722)
Operating cash flows before changes in working capital	(1,021)	(5,451)
(Increase)/decrease of inventories	(8,634)	2,434
Decrease of trade and other receivables	(6,286)	(3,927)
Increase of trade and other payables	19,225	1,973
Cash generated from/(used in) operations	3,284	(4,971)
Income tax (paid)/refund	(230)	195
Net cash flows from/(used in) operating activities	3,054	(4,776)
Cash flows from investing activities		
Interest received	6	406
Purchase of property plant and equipment	(5,691)	(16,861)
Refund from/(Advance to) suppliers and third parties	312	(32,549)
Refund for the proposed acquisition of an associated company	2,771	26,869
Net cash used in investing activities	(2,602)	(22,135)
Cash flows from financing activities		
Interest paid	(1,972)	(11,782)
Drawdown of bank loans	15,506	31,094
Proceeds from share issuance	41,299	-
Repayment of bank loans	(15,506)	(31,094)
Net cash generated from/(used) in financing activities	39,327	(11,782)
Net increase/(decrease) in cash and cash equivalents	39,779	(38,693)
Cash and cash equivalents at beginning of the period	8,689	47,380
Effect of foreign exchange rate changes	1	2
Cash and cash equivalents at end of the period	48,469	8,689



E. Notes to the condensed interim consolidated financial statements

1. Corporate information

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

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

2. Basis of preparation

The condensed interim financial statements for the three months ended 30 September 2021 (“4Q2021”) have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and the performance of the Group since the last interim financial statements for the 3 months period ended 30 June 2021.

As announced separately, the durian trading out of Thailand (the “Thai Durian Business”) operated and overseen by Cheng Meng cannot be verified nor substantiated and thus the Group can only recognise the Thai Durian Business transactions for the period from January 2021 to March 2021 for the FY2021 results, where the sales and purchases were fully captured, and that the payments to suppliers and from customers were made directly with the Group. Accordingly, the Group has prepared its financial results for the financial year ended 30 September 2021 by removing all the Thai Durian Business transactions operated and overseen by Cheng Meng which cannot be verified or substantiated.

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

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

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2020.

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

3. Seasonal operations

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

4. Segment and revenue information

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

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

	3 months period ended 30 Sept 2021				3 months period ended 30 Sept 2020			
	Internet Management	Fruit Business	Nutrition Business	Total	Internet Management	Fruit Business	Nutrition Business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
Sales to external customers	-	810	20,605	21,415	-	-	30,563	30,563
Segment Profit/(loss)	(90,479)	(15,954)	12,060	(94,373)	(9,626)	-	(16,290)	(25,916)
Unallocated								
Administrative expenses				(16,204)				(3,812)
Finance costs				(1,845)				(9,126)
Segment operating profit				(112,422)				(38,854)
Taxation				(978)				(439)
Profit/(loss) for the year				(113,400)				(39,293)
Other Segment information								
Net impairment losses on financial assets	-	-	-	-	1,081	-	8,548	9,629
Allowance on advances to supplier	-	18,548	-	18,548	-	-	6,108	6,108
(Reversal)/allowance for Inventories, net	-	-	(265)	(265)	-	-	2,460	2,460
Impairment loss on PPE	-	-	-	-	8,259	-	-	8,259
(Reversal)/allowance on trade and other receivables	90,673	-	(8,031)	82,642	-	-	-	-

	<u>12 months period ended 30 Sept 2021</u>				<u>18 months period ended 30 Sept 2020</u>			
	Internet Management	Fruit Business	Nutrition Business	Total	Internet Management	Fruit Business	Nutrition Business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
Sales to external customers	-	28,760	70,234	98,994	-	-	61,568	61,568
Segment Profit/(loss)	(91,830)	(16,233)	18,825	(89,238)	(10,482)	-	(13,814)	(24,296)
Unallocated								
Administrative expenses				(14,254)				(9,302)
Finance costs				(7,738)				(14,796)
Segment operating profit				(111,230)				(48,394)
Taxation				(925)				(118)
Profit/(loss) for the year				(112,155)				(48,512)
Other Segment information								
Net impairment losses on financial assets	-	-	-	-	1,081	-	8,548	9,629
Allowance on advances to supplier	-	18,548	-	18,548	-	-	6,108	6,108
(Reversal)/allowance for inventories, net	-	-	(265)	(265)	-	-	2,460	2,460
Impairment loss on PPE	-	-	-	-	8,259	-	-	8,259
(Reversal)/allowance on trade and other receivables	90,673	-	(8,031)	82,642	-	-	-	-

Segment assets and liabilities

	<u>12 months period ended 30 Sept 2021</u>				<u>18 months period ended 30 Sept 2020</u>			
	Internet Management	Fruit Business	Nutrition Business	Total	Internet Management	Fruit Business	Nutrition Business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	14,685	7,049	112,024	133,758	100,098	-	84,325	184,423
Unallocated				5,056				389
				138,814				184,812
Segment liabilities	(9,216)	(3,904)	(33,224)	(46,344)	(8,128)	-	(10,655)	(18,783)
Unallocated				(152,298)				(158,674)
				(198,642)				(177,457)

Geographical information

The Group operates in Singapore, Thailand and the People's Republic of China. In FY2021 and FY2020, Group's revenue from external customers are all derived from the People's Republic of China.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2021 and 30 September 2020.

		The Group		The Company	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial Assets		100,061	122,871	167,058	139,131
Financial Liabilities		198,320	175,430	220,768	214,449

6. Profit before taxation

6.1 Significant items

		The Group	
		12 months ended 30 September 2021	18 months ended 30 September 2020
		HK\$'000	HK\$'000
Expenses			
Interest on borrowings		7,738	14,796
Depreciation of property, plant and equipment		2,238	3,819
Net impairment losses on financial assets		-	9,629
Allowance on advances to supplier		18,548	6,108
(Reversal)/allowance for inventories, net		(265)	2,460
Impairment loss on PPE		-	8,259
Allowance on advances for proposed acquisition		59,205	-
Allowance on equipment refund		31,468	-
Reversal allowance on trade and other receivables		(8,031)	-

6.2 Related party transaction

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

7. Taxation

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

		The Group		
		12 months ended 30 September 2021	18 months ended 30 September 2020	Change +/-
		HK\$'000	HK\$'000	%
Current year		(925)	-	NM
Under provision in prior year		-	(118)	NM
		(925)	(118)	683%

8. Earnings/Loss Per Share

		The Group		The Group	
		3 months ended 30 September 2021	3 months ended 30 September 2020	12 months ended 30 September 2021	18 months ended 30 September 2020
		HK\$	HK\$	HK\$	HK\$
a) Based on the weighted average number of ordinary share in issue; and		(82.52)	(40.75)	(81.61)	(50.31)
b) On a fully diluted basis (detailing any adjustments made to the earnings)		(82.52)	(40.75)	(81.61)	(50.31)

Note to 8(a): For 4Q2021, the calculation of basic loss per share was based on loss attributable to equity holders of the Group of HK\$112,152,000 (Company: HK\$113,397,000) and the weighted average of 137,422,103 ordinary shares in issue..

For corresponding period ended 30 September 2020 ("4Q2020"), the calculation of basic loss per share was based on the loss attributable to equity holders of the Group of HK\$48,512,000 (Company: HK\$39,293,000) and the weighted average of 96,422,103 ordinary shares in issue.

Note to 8(b): Fully diluted profit/(loss) per share same as basis loss per share as there were no potential dilutive ordinary shares for the financial year ended 30 September 2021 and 30 September 2020.

9. Net Assets (Liabilities) Value

		The Group		The Company	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		HK\$	HK\$	HK\$	HK\$
Net assets (liabilities) value per ordinary share		(43.54)	7.63	7.31	(14.58)

The calculation of net asset (liabilities) value per share of the Company was based on the Company's net liabilities value of HK\$10,044,000 (net liabilities at 30 September 2020: HK\$14,061,000) and 137,422,103 ordinary shares in issue as at 30 September 2021 (at 30 September 2020: 96,422,103)

10. Property, plant and equipment

Property, plant and equipment ("PPE"), right of use of assets and intangible assets as at 30 September 2021 was HK\$18.6 million as compared to HK\$46.6 million as at 30 September 2020. The decrease was due to HK\$31.5 million of network equipment reclassified to 'Other receivables' as a result of the Equipment Refund Agreement. During the year, Group purchased HK\$2.1 million of machines for nutrition business.

As at 30 September 2021, the entire land use right is pledged in connection with a bank loan.

11. Subsidiaries

	The Company	
	30 September 2021	30 September 2020
	HK\$'000	HK\$'000
Unquoted equity shares at cost	134,228	134,228
Less: allowance for impairment losses	(73,096)	(73,096)
Additional	2,622	-
Total	63,754	61,132

Name of subsidiaries	Note	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest	
				30 September 2021	30 September 2020
				%	%
Held by the Company					
Nutryfarm Biomedicine International Limited		Investment holdings	BVI	100	100
LottVision Holdings Limited		Investment holdings	BVI	100	100
Global Agricapital Holdings Pte Ltd		Sales of fruits	Singapore	100	100
Held by Subsidiaries					
LottVision Gtech Management Ltd.		Investment holdings	BVI	100	100
LottVision (Hong Kong) Limited		Investment holdings	Hong Kong	100	100
LottVision Investment Holdings Limited		Investment holdings	BVI	100	100
LottVision Internet Management Limited		Development and sale of digital video surveillance products and solutions	BVI	100	100
WiVision Network Digital Video Technology (Beijing) Co. Limited		Provision of internet related support services	The PRC	100	100
Nutryfarm (Chengdu) Biomedicine Limited		Research and development, production and sale of health food, food supplement and nutrition products	The PRC	100	100
Global Agricapital (Thailand) Co., Ltd		Sales of fruits	Thailand	100	-
Kong Jun Global		Sales of fruits	Singapore	51	-

12. Inventories

		The Group		The Company	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Raw material		9,952	5,177	-	-
Work-in-progress		2,567	234	-	-
Finished goods		4,483	2,597	-	-
Total		16,642	8,008	-	-

13. Trade and other receivables

		The Group		The Company	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables		30,639	22,329	-	-
Allowance for impairment losses		(14,198)	(14,958)	-	-
Total trade receivables		16,441	7,371	-	-
Other receivables					
Deposits		183	179	-	-
Prepayments		1,702	739	133	133
Advances to suppliers		20,161	16,213	-	-
Advances to third parties		42,796	47,112	-	-
Advances for proposed acquisition		59,205	61,976	-	-
Advances to a related party		8,028	8,924	-	-
Other receivables		45,789	6,042	-	-
		177,864	141,185	133	133
Less: Allowance for doubtful debts					
Advances to suppliers		(19,900)	(11,321)	-	-
Advances to third parties		(21,097)	(16,341)	-	-
Advances for proposed acquisition		(59,205)	-	-	-
Other receivables		(40,809)	(1,081)	-	-
		36,853	112,442	-	-
Total trade and other receivables		53,294	119,813	133	133

14. Cash and bank balances

		The Group		The Company	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash in hand		69	210	-	-
Bank balances		48,400	8,479	11,427	256
Cash and cash equivalents in the consolidated statement of cash flows		48,469	8,689	11,427	256

15. Trade and other payables

		The Group		The Company	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables		11,90	7,810	-	-
Other payables and accruals		23,861	19,056	13,803	13,747
Accrued interest expenses		8,230	3,654	8,300	3,654
Director fees payable		2,173	1,477	2,173	1,477
Amount due to a former director		1,183	2,640	1,183	1,183
Amount due to a director		1,802	-	-	-
Amount due to a related party		-	770	-	-
Advance received from third parties		6,891	1,410	-	-
Total other payables		44,140	29,007	25,753	20,061
Total trade and other payables		56,042	36,817	25,753	20,061

16. Borrowings

		The Group		The Company	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Borrowings		44,165	83,545	44,165	83,545
Amount repayable within one year or on demand					
Secured		15,647	15,096	-	-
Unsecured		82,380	39,972	82,380	39,972
Total		98,027	55,068	82,380	39,972
Unsecured loan as at 30 September 2021		142,192	138,613	126,545	123,517

17. Share capital

		The Group		The Company	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		No. of shares	No. of shares	No. of shares	No. of shares
Authorized		1,750,000,000	1,750,000,000	1,750,000,000	1,750,000,000
Issued and fully paid					
At beginning		96,422,103	96,422,103	96,422,103	96,422,103
Additional: share capital		41,000,000	-	41,000,000	-
At end of the period		137,422,103	96,422,103	137,422,103	96,422,103

The Company did not hold any treasury shares as at 30 September 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2021 and 30 September 2020.



F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. REVIEW

The condensed interim balance sheets of Nutrify Farm International Limited and its subsidiaries as at 30 September 2021 and the related condensed interim consolidated income statement, condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated cash flow statement for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

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

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

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

(1) Refundable advances for proposed acquisition

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

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

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

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

The Group has continued to maintain business with these suppliers, third parties and the related party in 4Q2021, and nothing has come to attention to suggest that the carrying amounts of the Group's advances to suppliers, third parties and related party may not be duly utilised or refunded in the ordinary course of business, although there may be delays in the originally agreed or expected schedules for payment in light of the ongoing COVID-19 situation and resulting impacts.

(3) Property, plant and equipment

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

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

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

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

(4) Investment in subsidiaries

At the end of the previous financial year ended 30 September 2020, the auditors had not been able to obtain sufficient appropriate audit evidence with respect to the recoverable amount of the Company's investment in subsidiaries and the appropriateness of the allowance for impairment losses provided on the Company's investment in subsidiaries.

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

(5) Amounts due from subsidiaries

At the end of the previous financial year ended 30 September 2020, the auditors had not been able to obtain sufficient appropriate audit evidence with respect to the recoverability of the amounts due from the Company's subsidiaries and the appropriateness of the allowance for impairment losses provided thereon.

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

(6) Appropriateness of the going concern assumption

At the end of the previous financial year ended 30 September 2020, the auditors had not been able to obtain sufficient appropriate audit evidence with respect to the appropriateness of the use of the going concern assumption in the preparation of the financial statements of the Group.

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

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

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

While there is no guarantee that the outcome of ongoing negotiations with Corpbond will be satisfactory, that the terms and conditions of the Convertible Bond Agreements will be satisfied, and/or that the Company will be able to obtain the requisite approvals from shareholders and SGX for the issuance of the Convertible Bonds, management is continually assessing the Group's ability to continue as a going concern and will discuss its assessment with the external auditors in the finalisation of the Group's consolidated financial statements for the year ended 30 September 2021. No adjustments have been made in this set of condensed interim financial statements with respect to this matter. The Company will update its shareholders when there are any material developments.



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

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

2. REVIEW OF GROUP PERFORMANCE

Income statement

Revenue

In 4Q2021, the Group revenue is approximately HK\$21.4 million, as compared to HK\$30.6 million in 4Q2020. Majority of the revenue was generated by the Group's subsidiary, Nutryfarm (Chengdu) Biomedicine Limited. ("NFC"). NFC contributed HK\$20.6 million revenue in 4Q2021 though its nutrition business. NFC sales was affected from the restriction on the marketing and advertising of nutrition products imposed by Chinese authorities. The components of revenue are set out in Note 2 "Segment Information".

Other income

The Group recorded HK\$0.6 million of other income in 4Q2021 as compared HK\$4.5m of other income in 4Q2020.

Operating expenses

In 4Q2021, the Group reported distribution expenses of approximately HK\$2 million as compared to HK\$4.6 million in 4Q2020; and administrative expenses of approximately HK\$117.2 million in 4Q2021 as compared to approximately HK\$39.6 million in 4Q2020.

The decrease in the distribution expenses in 4Q2021 was mainly due to the decrease of marketing expenses in NFC.

The Group recorded HK\$77.6 million increase in administrative expenses in 4Q2021 as compared to 4Q2020. In 4Q2021, the Group has recognized HK\$ 31.5 million of additional impairment for internet related hardware and software that agreed sale back to Mr. Xiaoxin Wang, HK\$59.2 million of impairment for Refundable advances for proposed acquisition and HK\$18.5 million of impairment for advance to supplier.

Finance costs

The Group recorded HK\$1.8 million in finance costs in 4Q2021. It mainly represents the interest incurred for the Group's third-party loan and NFC's bank loan in the PRC.

Other expenses

The Group recorded HK\$0.9 million of other expenses in 4Q2021 as compared NIL in 4Q2020.

Income tax expense

The Group recorded HK\$0.98 million of income tax expenses in 4Q2021.

Net profits/(loss) attributable to shareholders

Overall, the Group recorded a net loss attributable to shareholders of approximately HK\$113.4 million in 4Q2021 as compared to a net loss of approximately HK\$39.3 million in 4Q2020.

Balance sheet

Non-current assets

Property, plant and equipment

Property, plant and equipment ("PPE"), right of use of assets and intangible assets as at 30 September 2021 was HK\$18.6 million as compared to HK\$46.6 million as at 30 September 2020. The decrease was due to the internet network equipment of HK\$31.5 million returned to supplier and the amount reclassified to other receivables. Meanwhile, group has purchase HK\$2.1 million of machines for nutrition business during the year.

As at 30 September 2021, the entire land use right is pledged in connection with a bank loan.

Current assets

Inventories

The Group recorded HK\$16.6 million inventories as at 30 September 2021. This mainly represents the finished goods, works in progress and raw materials held by NFC. It increased by HK\$8.6 million as compared to HK\$8.0 million as at 30 September 2020 mainly due to the increase business activity of NFC.



Trade receivables

The Group recorded HK\$16.4 million of trade receivables as at 30 September 2021. Compared to HK\$7.4 million in trade receivables as at 30 September 2020, the HK\$9 million increase includes HK\$1 million increase from GAH for the Group's fruit business and HK\$8 million increase from the main customers of NFC that align to increase in revenue from HK\$61.6 million in FY2020 to HK\$99 million in FY2021.

Prepayments, deposits and other receivables

The Group recorded HK\$36.9 million prepayments, deposits and other receivables as at 30 September 2021. It mainly comprises advances to third parties and a related party. In this financial year, Mr. Xiaoxin Wang refunded HK\$2.771 million to the Group in FY2021.

The Group has recognized HK\$ 31.5 million of additional impairment for internet related hardware and software that agreed sale back to Mr. Xiaoxin Wang, HK\$59.2 million of impairment for Refundable advances for proposed acquisition and HK\$18.5 million of impairment for advance to supplier.

Current liabilities

Trade and other payables

Trade and other payables amounting to HK\$56 million as at 30 September 2021, which is increase of HK\$20.8 million from HK\$36.8 million as at 30 September 2020.

The trade payables is HK\$11.9 million as at 30 September 2021 higher as compared to HK\$ 7.8 million as at 30 September 2020, which align to increase in nutrition business.

The increase in other payables mainly represented 1) HK\$4.6 million increased in accrued interest expenses, and 2) HK\$5.5 million advances from a third party by NFC

Short term loans

The Group recorded HK\$98 million short term loans. It included a bank loan of an aggregate sum of HK\$15.6 million as at 30 September 2021 which is secured by NFC's land use right and properties; and HK\$82.4 million current portion of third-party loans of the Group.

Non-current liabilities

Long term loans

The Group recorded HK\$44.2 million in long term payables as at 30 September 2021. 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 one year to two years.

Cash Flow Statement

The Group recorded a net cash inflow of HK\$3 million from operating activities in FY2021 as compared to a net cash outflow of HK\$4.8 million in FY2020. The increase mainly due to profit generated from nutrition business.

The Group recorded HK\$2.6 million of cash outflow from investing activities in FY2021 mainly due to HK\$5.7 million purchase of PPE and HK\$2.8 million of refund from the vendor for the proposed acquisition of First Linkage Inc.

The Group recorded HK\$39.3 million cash inflow from financing activities in FY2021 mainly due to HK\$41.3 million of proceeds from share placement/

As at 30 September 2021, the Group maintained a cash balance of approximately HK\$48.5 million.

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

Not applicable.

4. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

The Group's health supplements business under NFC continues to face challenging conditions with the marketing activities of NFC being seriously impacted by the continuing COVID-19 virus outbreak although, with the reopening of China's economy, NFC has seen its sales improve and increase by 14.04% in FY2021 compared to the FY2020.

In 4Q2021, NFC continued to import products of mixed drinks of Lutein ester and blueberry and crispy oatmeal. Considering the situation of the COVID-19 pandemic in North America, NFC will continue to monitor the situation and will make a decision regarding its imported products from North America in due course. NFC increased its marketing expenses and research & development costs in order to maintain the support of products. In addition, supported by its major customers and a related party, its revenue increased significantly in this quarter.

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

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

	For period 3Q21	For period 4Q21	Total
	HK\$'000	HK\$'000	HK\$'000
Revenue	494,842	14,708	509,550
Attributed profit/(loss)	17,498	(2,361)	15,137
Other receivables	17,498	15,137	15,137
Advance to suppliers	-	18,548	18,548

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

5. Dividend Information

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

No.

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

No.

c) Date payable

N.A

d) Books closure date

N.A

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

No dividend has been declared or recommended during the period under review. As at 4Q2021, the Group recorded accumulated losses of HK\$496 million. Therefore, the Group is focusing on enhancing the Group's profitability and would consider the declaration of a dividend when the Group achieves enough profits.

7. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

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



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

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

NutryFarm International Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

By Order of the Board

Wu Yong Qiang
Executive Chairman
15 May 2022