營養屋®
NUTRYFARM®

NUTRYFARM INTERNATIONAL LIMITED

(Under Judicial Management)

Annual Report 2021

CONTENT

Corporate Profile

NutryFarm International Limited ("NutryFarm" or "the Company", and together with its subsidiaries, "the Group"), through its wholly-owned subsidiary Nutryfarm Biomedicine International Limited ("NFB"), produces high quality nutrition and health food products formulated mainly from natural traditional medicinal herbs from across the Americas and regions in China, Europe and New Zealand for consumers in the People's Republic of China ("PRC").

Corporate Information as of 31 January 2025

Board of Directors

Niu Liming[1]
Executive Director and Chief Executive Officer

Er Kwong Wah[2]
Lead Independent Director

Management Team

Niu Liming[1]
Executive Director and Chief Executive Officer

Company Secretary

Lee & Lee
(Served until 28 January 2025)
25 North Bridge Road
Level 7
Singapore 179104

Virtus Law LLP
(Appointed on 3 March 2025)
8 Marina Boulevard #29-01
Marina Bay Financial Centre Tower 1
Singapore 018981

Registered Office

Victoria Place
5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Principal Share Registrar

Ocorian Management (Bermuda) Limited
Victoria Place
5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Share Transfer Office

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

Auditor

Baker Tilly TFW LLP
Chartered Accountants of Singapore 600
North Bridge Road
#05-01 Parkview Square
Singapore 188778

Partner-in-charge: Mr. Lim Kok Heng (Appointment effective from financial year ended 31 March 2019)

Notes:

[1] Mr. Niu Liming has been appointed as Executive Director and Chief Executive Officer on 19 December 2022.

[2] Mr. Er Kwong Wah has been appointed as Lead Independent Director on 23 May 2023.

Dear Shareholders

On behalf of the Board of Directors, the judicial manager presents the Annual Report and Audited Financial Statements for the financial year ended 30 September 2021. The Company has been placed under judicial management on 28 June 2022 and Mr Chan Yee Hong, care of Nexia TS Risk Advisory Pte Ltd, was appointed as the judicial manager of the Company. On 6 September 2023, Mr Chan Yee Hong (the "Former JM") was given leave to resign from office as the judicial manager of the Company, and Ms Ellyn Tan Huixian ("Judicial Manager" or "JM"), care of Forvis Mazars Consulting Pte Ltd, was appointed as the judicial manager of the Company. Since then, the Judicial Manager has been managing the affairs, businesses and properties of the Company in order to achieve, amongst others, the survival of the Company, a more advantageous realisation of the assets of the Company and/or a restructuring of the debts and liabilities via a scheme of arrangement with its creditors and principal lender.

Risk Management

To create, enhance, and safeguard shareholder value, the Company takes a proactive approach to risk management by integrating it into all planning, decision-making, and daily operations across the Company and Group. Business risks are regularly identified, assessed, and addressed with appropriate measures to control and mitigate them effectively. The Board has established a robust set of internal controls, including approval limits for expenditures, investments, divestments, and cheque signatory arrangements. Sub-limits at the management and committee levels further enhance operational efficiency. Additionally, the Board sets the Company's risk tolerance levels and policies while overseeing Management in the design, implementation, and monitoring of risk management and internal control systems.

Please also refer to the accompanying Report on Corporate Governance and Audited Financial Statements for the financial year ended 30 September 2021 for relevant information on the Group's risk management policies and practices. For the avoidance of doubt and notwithstanding anything in the Audited Financial Statements for the financial year ended 30 September 2021, the Judicial Manager is not in a position to, and does not opine on, the ability of the Group and the Company to continue in operations as a going concern and to meet their financial obligations as and when they fall due.

Outlook

As mentioned above, the Judicial Manager has been managing the affairs of the Company and is making meaningful strides towards revitalization.

On 15 July 2024, the Company and JM entered into a restructuring agreement with Corpbond IV Ltd (formerly known as Furong Corpbond II Ltd) ("**Corpbond**"), pursuant to which the parties have agreed to facilitate the restructuring of the claims of the Company's creditors (the "**Restructuring Agreement**"). On 10 September 2024, the Company announced that the conditions precedent under the Restructuring Agreement were satisfied and payment of the cash consideration to the participating creditors was made on 29 August 2024.

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

On 10 October 2024, the Company entered into a loan agreement with Alpha Hill Pte. Ltd. (the "**Investor**") for the provision of an interest free loan of S$5,000,000 (the "**Loan**") ("**Loan Agreement**"). Additionally, the Investor has provided a letter of non-binding memorandum of understanding to reiterate its intention to invest in the Company to provide working capital for the Company's restructuring efforts of working towards the resumption of trading of its shares on the Mainboard of the SGX-ST.

Subsequent to obtaining the Loan from the Investor, the Company entered into a supplementary deed with Corpbond (being a major creditor to the Company), whereby Corpbond *inter alia* agreed to bear the costs and expenses associated with the resumption of trading of the Company's shares on the Mainboard of the SGX-ST up to an aggregate of S$1,000,000 and provide for the agreed used of proceeds of the Loan.

These efforts are part of the Company's broader restructuring strategy, aimed at strengthening its foundations and paving the way for the submission of a resumption of trading proposal to the SGX-ST. The Judicial Manager will continue to provide timely updates via SGXNET as material developments arise. Please take note that the Judicial Manager acts solely as an agent of the Company and disclaims all personal liability. Persons, who are in doubt, as to the action they should take, should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers.

Financial Highlights

Year Ended 30 September	1.10.2020 to 30.9.2021 HK$'000	1.4.2019 to 30.9.2020 HK$'000
Income statement		
Revenue	98,995	61,568
Loss before tax	(110,528)	(48,394)
Income tax expenses	(925)	(118)
Loss after tax	(111,453)	(48,512)
Loss attributable to owners of the parent	(111,450)	(48,512)
Loss attributable to non-controlling interests	(3)	-
Balance Sheet		
Property, plant and equipment	15,294	46,582
Intangible assets	640	567
Other receivables	38,335	113,595
Trade receivables	16,677	7,371
Inventories	16,642	8,008
Cash at bank	48,290	8,689
Total assets	**135,878**	**184,812**
Trade and other payables	50,806	36,817
Contract liabilities	3,619	2,027
Borrowings	141,442	138,613
Tax payable	731	-
Total liabilities	**196,598**	**177,457**
Share capital	13,742	9,642
Other reserves	421,075	381,825
Accumulated losses	(495,562)	(384,112)
Non-controlling interests	25	-
Total equity	**(60,720)**	**7,355**
Total liabilities and equity	**135,878**	**184,812**

Board of Directors

Mr Niu Liming
(Executive Director and Chief Executive Officer)

Mr Niu is the Company's Executive Director and Chief Executive Officer of the Company. He was appointed to the Board on 19 December 2022.

Mr Niu is also the director of Corpbond Holdings Pte Ltd. He is also the director of Corpbond Investments Pte Ltd which provides M&A, corporate restructuring, and business consultancy services.

Mr Niu has more than 20 years of management and investment experience, mainly in M&A, corporate restructuring, project financing, pre-IPO investment, private equity investment, technology transfer, R&D areas.

Mr Niu holds MBA from Business School of University of Strathclyde UK, Master of Science from the Chinese Academy of Sciences, and Bachelor of Science from Qingdao University.

Please note that, while Mr Niu is the Company's Executive Director, the Company's Board is functus officio for as long as the Company remains under judicial management.

Mr Er Kwong Wah
(Lead Independent Director)

Mr Er is the lead independent director of the Company. He was appointed to the board on 22 May 2023.

Mr Er spent 27 years in the service of the Singapore Government in various ministries including the Ministry of Defense, the Public Service Commission, Ministry of Finance, Ministry of Education and the Ministry of Community Development. He held Permanent Secretary Position first with the Ministry of Education and then with the Ministry of Community Development until his retirement in 1998.

Mr Er held Board Directorship appointments in several companies including Sembawang Marine & Logistics Ltd (Chairman), Sembawang Engineering (Chairman), SembCorp industries, SembCorp Marine Ltd, Singapore Power, Temasek Management Services (Chairman), and numerous subsidiaries within the Government Linked companies.

Mr Er obtained the Bachelor of Applied Science degree (BASc) with Honors in Electrical Engineering at the University of Toronto, Canada in 1970. He also obtained a Master's in business administration (MBA) from the Manchester Business School, University of Manchester in 1978.

Mr Er resigned as the executive director of the Company in 2022, and remained as a director of Global Agricapital (Thailand) Co., Ltd., the Group's subsidiary and executive of the Company.

Please note that, while Mr Er is the Company's Lead Independent Director, the Company's Board is functus officio for as long as the Company remains under judicial management.

FINANCIAL CONTENTS

Corporate Governance Report

NutryFarm International Limited (the "**Company**") is committed to achieving a high standard of corporate governance by conforming to the Principles and the Provisions set out in the Code of Corporate Governance 2018 (the "**Code**"). This report of corporate governance (the "**Report**") summarises the Company's practices of the Code. This report describes the Company's corporate governance processes and activities in respect of the financial year ended 30 September 2021 ("**FY2021**") with specific reference made to the underlying Principles and Provisions of the Code, as required by Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Rules**"). The Company will explain how its practices are consistent with the intent of the relevant Principles for any deviations of the provisions of the Code.

A. BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

Apart from its statutory duties and responsibilities, the board of directors of the Company ("**Board**" or "**Directors**") is responsible for overseeing the management and affairs of the Company and its subsidiaries ("**Group**") and approving the Group's corporate and strategic directions. The Board is also responsible for implementing policies in relation to financial matters, which include risk management, internal controls, and compliance.

<u>Provision 1.1 – Principal functions of the Board</u>

The Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Group at all times, and to make decisions independently and objectively, and hold Management accountable for performance. Directors facing conflicts of interest are required to recuse themselves from discussions and decisions involving the issues of conflict.

The Board sets the tone for the Group in respect of ethics, organisational culture and business conduct, and ensures proper accountability within the Group. The Board is strongly committed to high standards of integrity and ethical behaviour in conducting business. The Company has adopted a Code of Conduct which sets out the standards expected of the Company, Management and its employees on, among others, anti-bribery and anti-corruption, fair dealing and competition, proper use of corporate positions and resources, confidentiality and privacy obligations, insider trading and whistle-blowing. In addition, the Company has implemented a separate Anti-Bribery and Corruption Policy as well as Whistleblowing Policy.

The principal functions of the Board include:

(a) providing entrepreneurial leadership, setting strategic objectives (which include appropriate focus on value creation, innovation and sustainability), and ensuring that the necessary resources are in place for the Company to meet its strategic objectives;
(b) establishing a sound framework of prudent and effective controls which enables risks to be monitored, assessed and managed, including safeguarding of shareholders' interests and the company's assets;
(c) constructively challenging Management and reviewing its performance;
(d) identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation;
(e) instilling an ethical corporate culture and ensuring that the company's values, standards, policies and practices are consistent with the culture;
(f) ensuring transparency and accountability to key stakeholder groups;
(g) considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation;
(h) approving policies, strategies, structure and direction of the Group;
(i) approving annual budgets, key operational issues, major funding proposals, and investment and divestment proposals;
(j) overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
(k) approving the nominations of Directors, committee members and key personnel, recommended by the NC; and
(l) providing oversight for the proper conduct of the Company's business and assuming responsibility for corporate governance.

<u>Provision 1.2 – Training and development for Directors</u>

Prior to their respective appointments to the Board, each of the Directors is given comprehensive and tailored induction on joining the Board, including his duties as a Director (and his role as an executive, non-executive and/or independent director respectively) and how to discharge those duties, and an orientation as well as a comprehensive briefing by Management on the Group's corporate profile, business strategies, plans, operations and governance practices. A formal appointment letter is also issued to each Director upon appointment, setting out the Directors' roles, duties and obligations. Each Director is also informed of the terms of reference of each Board Committee to help him/her understand the roles, duties and obligations of each Board Committee. The formal appointment letter issued to newly-appointed Directors is updated from time to time, in line with best practices in respect of corporate governance standards. Newly appointed Directors who have no prior experience as directors of a listed company will be given legal and accounting training in the roles and responsibilities of a listed company director as prescribed under the Listing Manual of the SGX-ST, and training on the industry the Company operates in.

The Board implements measures to ensure that newly appointed as well as existing directors are familiar with the Group's business and operations as well as their duties and responsibilities as directors.

Management provides the Board with ongoing updates on material developments in the Group's business and operations as well as the industry and legal and regulatory environment in which the Group operates. All non-executive directors may request for additional explanations, briefings and informal discussions on any aspect of the Group's business or operations issues at all times.

The Directors will receive, from time to time, further relevant training arranged and funded by the Company particularly on applicable new laws, regulations and changing commercial risks which are relevant to the business and operations of the Group. The Directors will also be updated on the business of the Group through regular presentations and meetings. It is noted that only two (2) new directors were appointed in FY2021, namely Mr Cheng Meng and Ms Lee Pih Peng.

Provision 1.3 – Matters requiring Board approval

The Board gives clear written instructions to Management on the levels of authorization required and the Management team seeks Board approval on material transactions which include, among others, material acquisitions and disposals, joint ventures and other transactions that would materially impact the Company. Matters requiring Board approval are disclosed in the Company's annual report.

Provision 1.4 – Delegation by the Board

In accordance with the Code, the Board has, without abdicating its responsibility, delegated specific authority to three (3) board committees namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"), to assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework. Each Board Committee is chaired by an Independent Director and has its own terms of references to address its respective areas of focus. Each committee has approved the relevant written terms of reference clearly setting out the authorities and duties thereof including reporting back to the Board. The Board Committees have explicit authority to investigate any matter within their terms of reference, have full access to and co-operation by the Management, have resources to enable them to discharge their functions properly and full discretion to invite any Director or executive to attend their meetings. The Board reviews each Board Committee's terms of references from time to time, to ensure that these are updated and remain relevant in line with, inter alia, best practices and the evolving needs of the Group.

A description of, among other things, the composition and the terms of reference, and a summary of the activities of the respective Board Committees during FY2021 are set out in the following sections:

(a) in respect of the Nominating Committee – sections on Principle 4 under "Board Membership" and Principle 5 under "Board Performance";

(b) in respect of the Remuneration Committee – sections on Principle 6 under "Procedures for Developing Remuneration Policies" and Principle 7 under "Level and Mix of Remuneration";

(c) and in respect of the Audit & Risk Committee – sections on Principle 9 under "Risk Management and Internal Controls" and Principle 10 under "Audit & Risk Committee".

Provision 1.5 – Board meetings, attendance and multiple commitments

The Board meets at least once a year to review and deliberate on the key activities and business strategies of the Group, including reviewing and approving internal guidelines on materiality of transactions, acquisitions, financial performance and to endorse the release of the quarterly and annual financial results. Directors with multiple board representations are required to ensure that sufficient time and attention are given to the affairs of the Group. Additional meetings may be held to address significant transactions or issues, where necessary. The Company's Bye-laws permit a Board meeting to be conducted by way of teleconference and video-conference. However, the number of Board meetings and Board Committee meetings held in FY2021 and the attendance of each Board member at those meetings is not complete due to the lack of proper records and the departure of the members of the former Board and Management before the issue of the Report. It is noted that at least two (2) Board meetings, NC meetings and RC meetings are held in FY2021 on 17 November 2020 and 27 February 2021 to approve the appointment of Cheng Meng as Non-Executive Director and the appointment of Ms Lee Pih Peng as Independent Director respectively and that all the then members of the Board and Board Committees attended the respective meetings.

It is noted that the Board consists of up to six (6) Directors in FY2021 as detailed in the table below.

Director	Designation(s)	Date of Appointment	Date of Cessation
Cheng Meng	Non-Executive Director	18 November 2020	10 December 2020
	Executive Director	10 December 2020	1 April 2022
	Chief Executive Officer	6 January 2021	11 February 2022[1]
Terence Luk Chung Po	Executive Director	14 October 2019	6 January 2021
	Chief Executive Officer	6 February 2020	6 January 2021
	Non-Executive Chairman	6 January 2021	8 March 2022[2]

[1] *Mr Cheng Meng remained as Executive Director with effect from 11 February 2022 after he stepped down as Chief Executive Officer.*
[2] *Mr Terence Luk Chung Po was re-designated as Non-Executive Director with effect from 8 March 2022 and resigned from the Company on 3 October 2022.*

Director	Designation(s)	Date of Appointment	Date of Cessation
Ng Poh Khoon Jimmy	Independent Director	1 April 2008	1 January 2022[3]
	NC Chairman	N.A.	27 February 2021[6]
	AC Chairman	N.A.	1 January 2022[4]
	NC member	N.A.	1 January 2022
	RC member	N.A.	1 January 2022
Neo Chee Beng	Independent Director	1 October 2009	1 January 2022[5]
	RC Chairman	N.A.	1 January 2022
	AC member	N.A.	1 January 2022
	NC member	N.A.	1 January 2022
Xu Hai Min	Non-Executive Director	9 April 2014	30 December 2021
	AC member	N.A.	27 February 2021[6]
	RC member	N.A.	27 February 2021
	NC member	N.A.	27 February 2021
Lee Pih Peng	Independent Director	27 February 2021	21 March 2022
	NC Chairman	27 February 2021	21 March 2022
	AC member	27 February 2021	21 March 2022
	RC member	27 February 2021	21 March 2022

N.A.: Not Available

Provision 1.6 – Access to information

To assist the Board in fulfilling its responsibilities, the Board will be provided by the Management the board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements, prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities. In respect of budgets, any material variance between the projections and actual results is also disclosed and explained.

Provision 1.7 – Access to Management, Company Secretary and External Advisers

The Directors have direct and independent access to the Management and the Company Secretary. In furtherance of their duties and responsibilities, the Directors may, individually or as a group, seek independent professional advice, if necessary, at the Company's expense. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Principle 2: Board Composition and Guidance

Provision 2.1 – Board Independence
Provision 2.2 – Independent Directors form one-third of the Board where Chairman is not independent
Provision 2.3 – Majority non-executive Directors in a Board

The Company believes that there should be a strong and independent element in the Board to exercise objective judgment on corporate affairs independently. The Directors appointed are qualified professionals who possess a diverse range of expertise to provide a balanced view within the Board.

As the reporting period of this Report is prior to 1 January 2022, the corresponding Guideline 2.1 in the 2012 Code will continue to apply. Accordingly, given that the Chairman of the Board is not independent[7], the Board is required to have a strong and independent element, with independent directors making up at least one-third of the Board. The Company is in compliance with the 2012 Code with at least one-third of the Board consisting of Independent Directors. Collectively, and the non-executive directors (which includes the Independent Directors) make up a majority of the Board.

For the period from 27 February 2021 to 30 September 2021, the Board is made up of six (6) Directors, four (4) of whom are Non-Executive Directors, of which three (3) are Independent Directors. Although there are only two (2) Independent Directors in the Board seating of five (5) Directors for the period from 1 October 2020 to 27 February 2021, this only lasted for a period of over four (4) months. Hence, there is a strong and independent element on the Board with Independent Directors making up half of the Board composition majority of the time in FY2021. Throughout FY2021, the non-executive directors always make up a majority of the Board.

[3] Mr Ng Poh Khoon Jimmy was re-designated as Non-Executive Non-Independent Director with effect from 1 January 2022 and resigned from the Company on 23 September 2022.
[4] Please refer to the Company's announcement dated 4 January 2022.
[5] Mr Neo Chee Beng was re-designated as Non-Executive Non-Independent Director with effect from 1 January 2022 and resigned from the Company on 1 March 2022.
[6] Please refer to the Company's announcement dated 28 February 2021.
[7] The Chairman is not independent as he is not an independent director.

In assessing and reviewing the independence of the independent Directors, the NC adopts the Code's new definition of an "independent director" and are satisfied that the independent Directors do not have any relationships with the Company, its related corporations, substantial shareholders or its officers, which could interfere or be perceived to interfere with the Directors' independent judgment.[8] The Board had also reviewed the independence of the independent Directors based on Rule 210(5)(d) of the Listing Rules which sets out the specific circumstances in which a director should be deemed non-independent. These circumstances include:

(i) if he is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three financial years; and/or

(ii) if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the remuneration committee of the issuer.[9]

The Independent Directors have abstained from voting on any resolutions and making any recommendations and/or participated in any deliberations of the Board in respect of the evaluation of his or her independence. The NC provides its views on the independence of each Director to the Board. Mr. Ng Poh Khoon Jimmy has served the Board for approximately thirteen (13) years, while Mr. Neo Chee Beng has served the Board for approximately twelve (12) years.

As the reporting period of this Report is prior to 1 January 2022, the NC Board also reviewed the independence of the independent Directors based on the corresponding Guideline 2.4 in the 2012 Code of Corporate Governance (the "**2012 Code**"). In subjecting the independence of Mr. Ng Poh Khoon Jimmy and Mr. Neo Chee Beng to particularly rigorous review and taking into account the need for progressive refreshing of the Board, the NC placed emphasis on whether each of them has demonstrated strong independence in character and judgement in discharging his responsibility as a Director of the Company and whether he is free from any interest, business or other relationship which could reasonably be perceived to interfere with the exercise of his independent judgement with a view to the best interests of the Company. The NC's particularly rigorous review includes critical examination of any conflicts of interest, review of each director's involvement in affairs of the Company, including board and committee meetings, discussions, views and comments expressed and decisions taken on matters and proposals put before the Board.

In assessing the independence of Mr. Ng Poh Khoon Jimmy, the NC and the Board took into account that Mr. Ng Poh Khoon Jimmy is a Chartered Accountant and a member of the Institute of Singapore Chartered Accountants and Singapore Institute of Directors. He is also a fellow member of the Association of Chartered Certified Accountants, UK. Mr. Ng Poh Khoon Jimmy is an independent director of another listed company on SGX-ST. He has over 20 years of experience in financial auditing, especially in the area of merger and acquisition. The Company believes that Mr. Ng Poh Khoon Jimmy's appointments, qualifications, skills and experience in the relevant fields are complementary and crucial to his contribution to the Company. Mr. Ng Poh Khoon Jimmy attended every AC and Board meeting held by the Company, and participated actively in the meetings by providing valuable advice, recommendations and creative ideas. He has also demonstrated professionalism. In the course of discussions in the rigorous review exercise, the Board noted that Mr. Ng Poh Khoon Jimmy has consistently constructively challenged the management's or executive directors' decisions on important issues to ensure that the Company's and shareholders' interests are protected. During his years serving the Company, there have been no issues or circumstances which are likely to affect, or could appear to affect, his independence. Therefore, the NC and the Board are satisfied that Mr. Ng Poh Khoon Jimmy is qualified and independent in character and judgment as an independent director of the Company notwithstanding his length of service. For the avoidance of doubt, Mr. Ng Poh Khoon Jimmy was not involved in the discussion and assessment of his own independence.

In assessing the independence of Mr. Neo Chee Beng, the NC and the Board took into account that Mr. Neo Chee Beng is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a member of Singapore Institute of Directors. He has been providing professional services to companies listed on the Stock Exchange of Hong Kong and Nasdaq Stock Market for about 10 years. He also manages investment portfolios in the Stock Exchange of Hong Kong, Singapore Exchange Limited, Nasdaq Stock Market and New York Stock Exchange. The Board believes that Mr. Neo Chee Beng's appointments, qualifications, skills and experience in the relevant fields are complementary and crucial to his contribution to the Company. He has contributed extensively to the Company, having attended meetings on time, helped analyse potential opportunities available to the Company, introduced professionals to perform relevant services for the Company, and provided advice based on his experience. When there are any material issues, he has requested for details and inquired about the potential risks involved. Through the rigorous review exercise, the Board finds Mr. Neo Chee Beng exercises objectivity and independence at all time in discharging his duties as director. During his years serving the Company, there has been no issues or circumstances which are likely to affect, or could appear to affect, his independence. Therefore, the NC and the Board are satisfied that Mr. Neo Chee Beng is qualified and independent in character and judgment as an independent director of the Company notwithstanding

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[8] It is noted that with effect from 1 January 2022, a director will not be independent if he has served for an aggregate of more than nine (9) years and his continued appointment as an independent director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and CEO of the issuer, and associates of such directors and CEO (the "Two-Tier Voting"). Such resolutions approved by a Two-Tier Voting may remain in force for three (3) years from the conclusion of the annual general meeting (the "AGM") following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier.

It is further noted that on 11 January 2023, Singapore Exchange Regulation (SGX RegCo) announced the change of Listing Rules to limit to nine (9) years the tenure of independent Directors serving on the boards of listed companies and to remove with immediate effect the Two-Tier Voting mechanism for listed companies to retain long-serving independent Directors who have served for more than nine (9) years. A transition period is given to find new independent Directors, as such, existing independent Directors whose tenure exceeds the nine-year limit can continue to serve as independent Directors until the listed companies' AGM held for the financial year ending on or after 31 December 2023.

[9] This version of Rule 210(5)(d) of the Listing Rules is effective from 7 February 2020 to 2 September 2021 and from 3 September 2021 to 31 December 2021 i.e. the version applicable during the reporting period of this Report.

his length of service. For the avoidance of doubt, Mr. Neo Chee Beng was not involved in the discussion and assessment of his own independence.

After due consideration and careful assessment, the NC and the Board noted that each of Mr. Ng Poh Khoon Jimmy's and Mr. Neo Chee Beng's independence as a Director is not affected as each of them continues to exercise independent judgement and demonstrate objectivity in his deliberations in the interest of the shareholders and the Company. The Board is of the view that the in-depth understanding of the Group's business and operations gained by these directors will contribute to continuity and stability. The Board is also of the view that the long term contributions of these directors would benefit the Company in the long term and enhance the Company's long-term prospects.

Taking into account the views of the NC, the Board is satisfied as to the independence of Mr. Ng Poh Khoon Jimmy and Mr. Neo Chee Beng, both of whom do not have any relationships with the Company, its related corporations, substantial shareholders or its officers, which could interfere or be perceived to interfere with the Directors' independent judgment.

The Board is satisfied as to the independence of Ms Lee Pih Peng who does not have any relationships with the Company, its related corporations, substantial shareholders or its officers, which could interfere or be perceived to interfere with the Directors' independent judgment, and she does not fall within any of the categories set out in Rule 210(5)(d) of the Listing Rules.

Provision 2.4 – Board composition and diversity

The Board has examined its size and the size of the board committees and is of the view that it is an appropriate size for effective decision making, taking into account the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and board committees.

The Board has also considered that its Directors as a group provide an appropriate balance and diversity of gender, industry skills, knowledge of the Company and experience, and possess core competencies such as in accounting, finance, industry knowledge, strategic planning experience, customer-based experience or knowledge and business strategies, which contributes to effective and robust decision-making that enhances shareholder value. The NC also places importance on diversity of age, gender, ethnicity and tenure on the Board so as to form a quality Board that can contribute to more robust decision-making and thereby increase corporate governance and maximize shareholder value. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made based on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

Provision 2.4 of the Code provides, among others, that the Board and Board Committees are to be of an appropriate size and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. Provision 2.4 of the Code further provides that the board diversity policy and progress made towards implementing the policy, including objectives, are to be disclosed in the Company's annual report.

In FY2021, the Company adopted a Board Diversity Policy which provides, among others:

(a) The Company recognises that a Board comprised of appropriately qualified members with a broad range of relevant skills, knowledge and experience, and other aspects of diversity such as gender, age, independence and tenure of service will bring diversity of thought and different perspectives to Board discussions, avoid groupthink and enhance the decision-making process of the Board. The Company believes that a diverse Board is useful to the effective governance of its business, anticipating and navigating changes in the external operating environment, and ensuring long-term sustainable growth. Accordingly, the Company is committed to promoting diversity on its Board.

(b) The NC is responsible for reviewing and assessing the composition of the Board and will consider all relevant aspects of diversity, including educational background, skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service, and other distinguishing qualities of the members of the Board.

(c) The Board Diversity Policy identifies, and elaborates on, the aspects of diversity (namely, diversity of skills, experience, independence, gender, age and tenure) that the Board will take into consideration. However, the Board will put emphasis on the directors possessing a range of functional skills that will enable the Board to maintain effective oversight of the Company and the consideration and selection of candidates will be based on merit, with the objective of achieving collectively the appropriate mix and balance of skills, experience and diversity of perspectives on the Board that will meet the requirements of the Company from time to time.

(d) In the implementation of the Board Diversity Policy, the NC will consider and, if appropriate, set qualitative and quantitative objectives for promoting and achieving diversity on the Board, taking into account the directors' mix of background, skills, experiences and qualities that the Board requires to function competently and efficiently in the context of the scope and nature of the Company's business and operations and corporate strategy

Provision 2.5 – Meeting of non-executive Directors without Management

The involvement of the non-executive Directors in setting and developing strategies and goals for Management, and reviewing and assessing Management's performance enables Management to benefit from the external and objective perspective of issues that are tabled before the Board.

To facilitate a more effective check on the Executive Directors and Management, the non-executive Directors, led by the relevant independent director meet at least once annually without the presence of Management to discuss matters that they wish to raise privately. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate. The non-executive Directors also constructively challenge the decisions of the Executive Directors and Management and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

Principle 3: Chairman and Chief Executive Officer

Provision 3.1 – Separation of the role of the Chairman and the CEO
Provision 3.2 – Role of the Chairman and the CEO

Mr Terence Luk Chung Po is the CEO and Executive Director for the period from 6 February 2020 to 6 January 2021. As with the preceding financial years, the Company did not have a Chairman during this period, As noted in the previous corporate governance report, the Board, having in mind the needs of the Company and the prevailing business climate, is satisfied that the leadership structure without a Chairman is still an effective one. The Board believes that Mr Terence Luk Chung Po was able to take on both roles effectively, taking into account his abilities in setting up the Company back in 2002, and the leadership and direction which he brought to the Company when he served as the Company's former Non-Executive Chairman from 2002 to 2014.

For the period from 6 January 2021 to 8 March 2022, Mr Terence Luk Chung Po was re-designated as the Non-Executive Chairman while Mr Cheng Meng was appointed as the CEO and Executive Director, as the Company branches into the durian business. Since then, the Non-Executive Chairman and the CEO have defined responsibilities which ensure that there is an appropriate balance of power and increased accountability and greater capacity of the Board, in terms of independent decision making. The Non-Executive Chairman is responsible for the effective functioning of the Board, while the CEO is responsible for the operations and management of the Group's businesses.

The role of the Non-Executive Chairman is to provide guidance on the corporate direction of the Group and, inter alia:

(a) lead the Board to ensure its effectiveness on all aspects of its role;
(b) set the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues;
(c) promote a culture of openness and debate at the Board;
(d) ensure that the Directors receive complete, adequate and timely information;
(e) organize the Board meetings and facilitate discussion in such meetings;
(f) ensure effective communication with shareholders;
(g) encourage constructive relations within the Board and between the Board and Management;
(h) facilitate the effective contribution of Non-Executive Directors in particular; and
(i) promote high standards of corporate governance.

The role of the CEO is to set the business strategies and directions for the Group and manage the business operations of the Group with the Executive Directors and other management staff.

The Non-Executive Chairman and the CEO are not immediate family members.

Provision 3.3 – Lead Independent Director

Although the Chairman of the Board is not independent, there is a balance of power in the Board with the Chairman being non-executive and each Board Committee chaired and led by independent Directors. As there is separation in the roles of the Non-Executive Chairman and CEO to preserve effective corporate governance, the Board considers that the appointment of a Lead Independent Director as set out in Provision 3.3 of the Code is not necessary. Independent Directors meet regularly without the presence of other Directors. Independent Directors are available to shareholders where they have concerns and for which contact through the normal channels of communication with Management is inappropriate or inadequate.

Principle 4: Board Membership

Provisions 4.1 and 4.2 – Roles and composition of the NC

The composition of the Board and Board Committees is as follows:

Director	Date of First Appointment	Date of Last Re-Appointment
Cheng Meng(1)	18 November 2020	27 February 2021
Terence Luk Chung Po(2)	14 October 2019	27 February 2021
Ng Poh Khoon Jimmy(3)	1 April 2008	29 July 2019
Neo Chee Beng(4)	1 October 2009	28 July 2017
Xu Hai Min(5)	9 April 2014	29 July 2019
Lee Pih Peng(6)	27 February 2021	-

Note 1: Mr. Cheng Meng was appointed as Non-Executive Director on 18 November 2020. He was re-designated as Executive Director on 10 December 2020 and was later appointed as Chief Executive Officer on 6 January 2021. He subsequently stepped down as Chief Executive Officer on 11 February 2022 and remained as Executive Director till 1 April 2022. He remains a Director of Global Agricapital (Thailand) Co., Ltd, the Group's subsidiary as of the issue of this Report.

Note 2: Mr. Terence Luk Chung Po was appointed as Executive Director on 14 October 2019 and was later appointed as Chief Executive Officer on 6 February 2020, both positions of which he took office till 6 January 2021. He was then re-designated as Non-Executive Chairman on 6 January 2021. He stepped down to become a Non-Executive Director on 8 March 2022 and resigned from the Company on 3 October 2022.

Note 3: Mr. Jimmy Ng Poh Khoon resigned from the Company on 23 September 2022.

Note 4: Mr. Neo Chee Beng resigned from the Company on 1 March 2022.

Note 5: Mr. Xu Hai Min resigned from the Company on 30 December 2021.

Note 6: Ms. Lee Pih Peng was appointed as Independent Director on 27 February 2021 and she resigned from the Company on 21 March 2022.

The NC comprised of Mr. Neo Chee Beng and Mr. Ng Poh Khoon Jimmy, and was chaired by Ms. Lee Pih Peng, all of whom are non-executive, independent Directors.

Based on the information available to the current Management, the NC held at least two (2) meetings during FY2021.

The Board has approved the written terms of reference of the NC. The NC performs, inter alia, the following functions:

(a) making recommendations to the Board on relevant matters relating to:

   (i) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
   (ii) the process and criteria for evaluation of the performance of the Board, its board committees and directors, including the proposal of objective performance criteria in respect of the evaluation of the performance of the Board;
   (iii) the review of training and professional development programs for the Board and its directors;
   (iv) the appointment and re-appointment of directors (including alternate directors, if any);
   (v) the objective performance criteria and process for the evaluation of the effective of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board; and
   (vi) the establishment of guidelines on what a reasonable and maximum number of directorships and principal commitments for each director (or type of director) should be; and

(b) determining annually, and as and when circumstances require, if a director is independent, having regard to the laws, regulations, codes, rules and/or other applicable provisions in respect of the Company;

The Board recognises the importance of good succession planning. The NC is tasked to review the Board membership progressively and identify the potential successors to key positions in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel. Succession and leadership development plans for the senior management will be implemented to ensure smooth transition. The review, if any, will be presented to the Board for its approval.

Provision 4.3 – Board Renewal

The search and nomination process for new Directors, if any, will be through search agencies, contacts and recommendations to reach out to the largest pool of candidates as possible for the right candidate.

When considering a new Board member, the NC will review the curriculum vitae of the potential candidate and consider his/her experience and likely contribution to the Board. Interviews will then be subsequently conducted before the NC makes its recommendation to the Board. The Board will make the final determination for the appointment.

Provision 4.4 – Independence review of Directors

The NC is responsible for determining annually, or as and when circumstances require, whether a Director is independent, with reference to the provisions set out in the Code and Rule 210(5)(d) of the Listing Rules. Directors is required to disclose to the Board their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence. Further details on the NC's assessment in respect of the independence of the Independent Directors have been set out under Principle 2 of this Report above.

Pursuant to bye-law 104 of the Company's Bye-laws, other than the Managing Director, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest one-third but not greater than one-third) shall retire from office by rotation. In addition, under bye-law 107(B), any Director appointed by the Board shall hold office only until the next AGM and shall then be eligible for re-election at the meeting.

As all the Directors named above had resigned from the Company at the time the Report is issued, no Directors will be retiring and standing for re-election at the AGM for FY2021.

Provision 4.5 – Duties and obligations of Directors

The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his duties as a director of the company.

Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his or her duties as a director of the Company. The NC monitors and determines on an on-going basis whether Directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out their duties as a Director. The NC takes into account both the results of the assessment of the effectiveness of the individual Directors and their actual conduct during Board and Board Committee meetings and ad-hoc discussions when making this determination. The Board also believes that each Director has to personally determine the demands of his or her competing directorships and obligations and assess how much time is available to serve on the Board effectively. Accordingly, the Board has not made a determination of the maximum number of board representations a director may hold. It is noted that in respect of FY2021, none of the Directors hold more than four listed company directorships and principal commitments.

Key information regarding the Directors' academic and professional qualifications, shareholding in the Company and its related corporations, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other appointments is set out on page 7 of the Annual Report.

There have been no alternate directors appointed.

Principle 5: Board Performance

Provisions 5.1 and 5.2 – Board Evaluation Process

The Board has implemented a process to be carried out annually by the NC to assess the performance and effectiveness of the Board as a whole, its Board Committees, the contribution of the Chairman and each individual director to the effectiveness of the Board.

In conducting the individual evaluation of Directors, the NC assesses on an individual basis whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the Board and board committees, and any other duties). The criteria taken into consideration include, inter alia, the level of preparation of each Director, commitment to the role, performance, level of independence in views, effectiveness and value of contribution to the development of strategy for the Group and risk management, and the Director's knowledge and experience. The Chairman will act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors. Through such performance evaluations, the NC and Board also identify areas for the Board and Board Committees to improve their effectiveness.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his or her performance or re-nomination as a Director.

The performance of each Board Committee is evaluated based on its roles and functions set out in its terms of reference, and its ability to perform these functions effectively.

The assessment of the Board's performance as a whole adopted both quantitative and qualitative criteria, such as return on equity, the success of the strategic and long-term objectives set by the Board and the effectiveness of the Board in monitoring Management's performance against the goals that had been set by the Board. The performance criteria for the Board is decided upon and proposed by the NC, and approved by the Board.

The NC has assessed the Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory. No external facilitator was used in the assessment of the performance of the Board, Board Committees, Chairman or individual Directors in FY2021.

B. REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

Provisions 6.1 and 6.2 – Composition of the RC

The RC comprises Mr. Ng Poh Khoon Jimmy, Ms. Lee Pih Peng and is chaired by Mr. Neo Chee Beng, all of whom are non-executive, independent Directors. Based on the information available to the current Management, the RC held at least two (2) meetings in FY2021.

The Board has approved the written terms of reference of the RC. The functions of the RC include, inter alia, the following:

(a) reviewing and make recommendations to the Board on a framework of remuneration for the Board and key management personnel; and
(b) reviewing and make recommendations to the Board on the specific remuneration packages for each director as well as for the key management personnel, considering all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind, termination payments and termination terms, to ensure they are fair and aim to avoid rewarding poor performance.

Provision 6.3 – Remuneration framework

The RC will review the Company's obligations arising in the event of termination of the Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoids rewarding poor performance.

Provision 6.4 – Remuneration consultant

In discharging its functions, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses for such advice shall be borne by the Company. The Company did not appoint any remuneration consultants for FY2021.

Principle 7: Level and Mix of Remuneration

Provision 7.1 – Remuneration of executive Directors and Key Management Personnel
Provision 7.3 – Long Term incentives

In setting remuneration packages, the RC aligns the level and structure of remuneration with the long-term interest and risk policies of the Company and considers what is appropriate to attract, retain and motivate (i) the Directors to provide good stewardship of the Company, and (ii) the key management personnel to successfully manage the Company for the long term.

The Company sets remuneration packages which are competitive and sufficient to attract, retain and motivate Directors and senior management with adequate experience and expertise to manage the business and operations of the Group. The RC also takes into account the risk policies of the Company, and ensures that remuneration is symmetric with risk outcomes and is sensitive to the time horizon of risks.

The Company will continually evaluate the remuneration structure of Executive Directors and key management personnel and consider linking rewards to corporate and individual performance, to promote the long-term success of the Company. The remuneration policy will take into account the interests of shareholders and other stakeholders, the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. The Company has introduced the LottVision Share Option Scheme and the LottVision Incentive Share Scheme administered by the RC. Executive directors and key management personnel are encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.

Provision 7.2 – Remuneration of non-executive Directors

The remuneration of Non-Executive Directors is measured against their level of contribution, taking into account factors such as effort and time spent, and the responsibilities undertaken. The RC ensures that Non-Executive Directors are not overcompensated to the extent that their independence may be compromised. Non-Executive Directors are also entitled to be offered shares under the LottVision Incentive Share Scheme.

The Company is entitled to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Principle 8: Disclosure on Remuneration

Provision 8.1 – Disclosure of remuneration

The remuneration paid to the Directors and Executive Officers for services rendered during the FY2021 was as follows:

Remuneration bands	Salary (%)	Performance bonus (%)	Directors' fees (%)	Others (%)	Total (%)
Directors					
Cheng Meng[(1)]	100	-	-	-	100
Terence Luk Chung Po[(2)]	100	-	-	-	100
Ng Poh Khoon Jimmy[(3)]	-	-	100	-	100

Neo Chee Beng(4)	-	-	100	-	100
Xu Hai Min(5)	100	-	-	-	100
Lee Pih Peng(6)	-	-	100	-	100

Note 1: Mr. Cheng Meng was appointed as Non-Executive Director on 18 November 2020. He was re-designated as Executive Director on 10 December 2020 and was later appointed as Chief Executive Officer on 6 January 2021.He subsequently stepped down as Chief Executive Officer on 11 February 2022 and remained as Executive Director till 1 April 2022. He remains a Director of Global Agricapital (Thailand) Co., Ltd, the Group's subsidiary as of the issue of this Report.

Note 2: Mr. Terence Luk Chung Po was appointed as Executive Director on 14 October 2019 and was later appointed as Chief Executive Officer on 6 February 2020, both positions of which he took office till 6 January 2021. He was then re-designated as Non-Executive Chairman on 6 January 2021. He stepped down to become a Non-Executive Director on 8 March 2022 and resigned from the Company on 3 October 2022.

Note 3: Mr. Jimmy Ng Poh Khoon resigned from the Company on 23 September 2022.

Note 4: Mr. Neo Chee Beng resigned from the Company on 1 March 2022.

Note 5: Mr. Xu Hai Min resigned from the Company on 30 December 2021.

Note 6: Ms. Lee Pih Peng was appointed as Independent Director on 27 February 2021 and she resigned from the Company on 21 March 2022.

No termination, retrenchment and post-employment benefits were granted to the Directors and key management personnel during FY2021.

The RC and the Board are of the view that the remuneration of the Directors is adequate but not excessive in order to attract, retain and motivate them to run the Company successfully.

Mr. Cheng Meng did not receive any compensation for services rendered as Director during FY2021.

The remuneration of the Independent Directors was in the form of a fixed fee subject to shareholders' approval at the AGM.

Executive Directors have service agreements with the Company. Their compensation consists of a salary, bonus and performance awards that are dependent on the performance of the Group and their individual performance, based on performance conditions which are consistent with the Company's business goals and which focus on creating value for shareholders. Such performance conditions can include targets relating to the cash flow and net profits of the Group over specified periods.

For FY2021, the top key management personnel (who are not Directors or CEOs) (in terms of remuneration paid) of the Company is Andy Xu Peng. Key Management personnel are remunerated on a similar basis to Executive Directors, and receive salary, bonus and performance awards that are dependent on the performance of the Group and their individual performance, based on performance conditions which are consistent with the Company's business goals and which focus on creating value for shareholders. Such performance conditions can include targets relating to the cash flow and net profits of the Group over specified periods.

A breakdown, showing the level and mix of the top key management personnel who are not Directors or CEO in remuneration bands of S$250,000 for FY2021, is as follows:-

Remuneration bands	**Salary (%)**	**Performance bonus (%)**	**Benefits in kind (%)**	**Stock options, share based incentives and awards, and other long-term incentives (%)**	**Total (%)**
Below S$250,000					
Andy Xu Peng	100	-	-	-	100

<u>Provision 8.2 – Remuneration of related employees</u>

The Company does not have any employees who are substantial shareholders of the Company, or are immediate family members of a Director or a substantial shareholder of the Company.

Provision 8.3 – Forms of remuneration and details of employee share schemes

The Company has established the LottVision Share Option Scheme and the LottVision Incentive Share Scheme and further details of this (including the description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met) are set out on Page 72 of the Annual Report.

C. ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

Provision 9.1 – Nature and extent of risks

Risk management is an integral aspect of the Company and the Group. The Board has the overall responsibility for risk management and exercises oversight of the key risk areas in the Group's business, setting the overall strategic direction in the identification and assessment of risks and ensuring that decisions and strategies adopted are in line with the risk management tolerances of the Group. In order to create, enhance and protect value for its shareholders, the Company proactively manages risks and embeds the risk management process into all planning and decision-making processes as well as its day-to-day operations at the Company and Group levels. Led by the Board, Management regularly reviews the Company's business and operational activities to identify areas of significant business risk as well as appropriate measures to control and mitigate these risks. Management also reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC. In conducting its affairs, the Company understands the importance of preparation and all major investments undergo a due diligence and risk management review process.

The Company has instituted a system of internal controls for the Group. While no system can provide absolute assurance against material loss of financial misstatement, the Group's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that financial information used within the business and for publication is reliable. In designing these controls, Management has had regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them. The Company seeks to improve internal control and risk management on an on-going basis to ensure that they remain sound and relevant.

The Board has in place a set of internal controls which sets out approval limits for expenditure, investments and divestments and cheque signatory arrangements. Approval sub-limits are also provided at management and committee levels to facilitate operational efficiency. The Board also determines the Company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of risk management and internal control systems.

During the year under review, the Board had conducted an annual review of the adequacy and effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls and these are reported to the AC. Any material non-compliance and recommendation for improvement are reported to the AC. The AC, on behalf of the Board, also reviewed the adequacy and effectiveness of the Group's system of internal controls in light of key business and financial risks affecting its businesses through discussion with Management. The members of the Board are vigilant in looking out for potential risks that the Group may face, and will take the necessary steps to work with Management to ensure that such potential risks are dealt with in a timely manner.

The Board believes that the risk management and internal control systems, including financial, operational, compliance and information technology controls, established by the Company is adequate and effective to provide reasonable assurance that the Company would not be adversely affected by any event that could be reasonably foreseen. However, the Board also notes that no risk management and internal control systems, including financial, operational, compliance and information technology controls, could provide an absolute assurance in this regard, or absolute assurance against poor judgment in decision making, human error, losses, fraud or other irregularities.

Based on:

(a) the risk management and internal control systems, including financial; operational, compliance and information technology controls, established and maintained by the Group;
(b) reviews performed by Management, various Board Committees and the Board;
(c) assurance from the CEO and CFO that the financial records of the Group have been properly maintained; and
(d) the Groups risk management and internal control systems are adequate and effective in addressing the material risks in the Group in its current business environment,

The AC and the Board are of the opinion that the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls, were adequate and effective as at 30 September 2021.

The AC and the Board have also reviewed the Company's overall risk management framework and policies and considered them to be adequate, taking into account the scope and nature of the operations of the Company and the risk profile of the Company. In this regard, the AC and the Board are of the opinion that there is no necessity for the establishment of a separate Board Risk Committee.

Provision 9.2 – Assurance from the CEO, the CFO and Key Management Personnel

In connection with the above, the Board has received written assurance from the CEO and the CFO that the financial records have been properly maintained, the financial statements give a true and fair view of the Company's operations and finances, and written assurance from the CEO and other key management personnel, who are responsible, that the Company's risk management and internal control systems are adequate and effective.

Principle 10: Audit Committee

Provisions 10.1, 10.2 and 10.3 – Composition of the AC
Provision 10.4 – Internal audit function
Provision 10.5 – AC activities during the year

The AC comprises Ms. Lee Pih Peng, Mr. Neo Chee Beng and is chaired by Mr. Ng Poh Khoon Jimmy, all of whom are non-executive and independent Directors. None of the AC members were former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two (2) years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities. In particular, Mr. Ng Poh Khoon Jimmy (the AC Chairman) and Mr. Neo Chee Beng have a wealth of experience in accounting.

The Board has approved the written terms of reference of the AC. The AC performs, inter alia, the following functions:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
(b) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
(d) making recommendations to the Board on:
   - the proposals to the shareholders on the appointment and removal of external auditors; and
   - the remuneration and terms of engagement of the external auditors;
(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function (as applicable); and
(f) reviewing the policy and arrangements for concern about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

The members of the AC also meet, or correspond over email, with the Management, and the CFO to discuss and keep abreast of changes to accounting standards and issues which have a direct impact on financial statements as and when it is required. Where necessary, the members of the AC would also attend training conducted by professionals or external consultants in respect of such changes.

The Group has complied with Rules 712 and 715 of the Listing Rules in relation to the appointment of its external auditors in respect of FY2021.

The Company has put in place a "whistle-blowing" policy which enables employees who have major concerns over any wrongdoing within the Group relating to unlawful conduct, financial malpractice or dangers to the public or the environment to come forward and express these concerns without fear of any punitive action. The AC has reviewed and ensured that arrangements are in place for concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

The Company had yet to establish an internal audit function as of the end of FY2021. Noting the importance of having an independent, effective and adequately-resourced internal audit function, the AC has highlighted the same to the Board and Management and instructed that an independent, effective and adequately-resourced internal audit function be set up or engaged as soon as possible. In FY2019, the AC confirmed the importance of the internal audit function and prepared to implement internal audit procedures in FY2020. Due to the outbreak of COVID-19 since late 2019 in China and quickly worldwide, the Company has to suspend the implementation of internal audit function considering the safety of employees. The AC will continue to focus on the situation of COVID-19 and will implement internal audit function once the situation permits.

D. SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

Provisions 11.1, 11.2, 11.3 and 11.4 – Conduct of general meetings

All shareholders are treated fairly and equitably, and the Company facilitates the exercise of ownership rights by all shareholders, by striving to keep shareholders informed, in a timely manner, of changes in the Group or its business which would be likely to materially affect the price or value of the Company's shares.

At general meetings, all shareholders are entitled to attend, participate effectively in and vote at general meetings of shareholders. Where shareholders are unable to attend in person, they are able to appoint a proxy to attend and vote on their behalf. Shareholders are informed of general meetings through the annual reports or circulars sent to them, and/or through notices in the newspapers and via SGXNET. The rules governing such meetings and voting procedures are set out in the notice of general meetings. At the general meetings, the voting procedures are explained to shareholders at the start of each meeting, before the resolutions are read out and put to vote.

The Company encourages shareholders to participate and vote at general meetings. Shareholders are informed of the rules, including voting procedures, that govern the general meetings. At AGMs, all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the chairperson of each of the Board Committees. The Directors, chairman of the Board Committees and external auditor are normally present at the AGMs, and are available to address the Shareholders' questions.

All shareholders of the Company can download the Annual Report and the notice of the AGM from SGXNET. The notice is also advertised in a local newspaper and made available on the SGXNET.

The Company's Bye-Laws allow the Shareholders to appoint proxies to attend and vote in their stead at general meetings. Pursuant to Bye-Law 84 of the Company's Bye-Laws, the Shareholders holding two (2) or more shares may appoint not more than two (2) proxies to attend and vote at the same general meeting. When a Shareholder appoints more than one (1) proxy, he or she shall specify the proportion of his or her shareholding to be represented by each proxy.

The Company has not amended its Bye-Laws to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the Shareholders' identities through the web are maintained.

The Company ensures that there are separate resolutions at general meetings on each distinct issue, and puts each resolution to vote by poll, with an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

The FY2021 AGM of the Company which was supposed to be held by 31 January 2022 was postponed for the reasons set out in the Company's announcements dated 2 December 2022, 15 February 2023 and 7 June 2023 regarding the Company's application to the SGX-ST for extension of time.

Provision 11.5 – Minutes of general meetings

Minutes of general meetings of shareholders, which shall include substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management, would be published on the Company's corporate website as soon as practicable.

Provision 11.6 – Dividend policy

The Company does not have a dividend policy currently in place. In deciding whether to declare any dividends in a given financial period, the Company takes into account, inter alia, maximizing shareholder value in the long term, the profits of the Company in a given year, future development and investment plans of the Company, projected capital expenditure, the market outlook for each of the Company's areas of business, and the Company's expected performance in the coming financial periods. For FY2021, the Company will not be declaring dividends to shareholders. Due to the ongoing challenges in the economic and business environment, the Board is of the view that there is a need to preserve liquidity in the Company to prepare for unforeseen circumstances.

Principle 12: Engagement with Shareholders

Provisions 12.1, 12.2 and 12.3 – Shareholders engagement

Although the Company does not have a formal investor relations policy, the Company recognises that effective communication can highlight transparency and enhance accountability to its shareholders and investors. For the purpose of establishing communication and maintaining relationships with shareholders and investors, the Company has engaged a public relations company, through which the investors and shareholders can communicate their feedbacks or ideas to the Company, to provide an accessible means of communication for the shareholders and investors to reach out to the Company. The Company maintains a high standard of disclosure by providing information to its shareholders and investors on a timely basis via SGXNET announcements and press releases. Such information is also available on the Company's website. In disclosing information to its shareholders and investors, the Company aims to be as descriptive, detailed and forthcoming as possible, so as to, inter alia, provide sufficient information to all shareholders and investors to keep them abreast of latest developments in relation to the Company and to facilitate the exercise of ownership rights by all shareholders and investors. The Company ensures that it does not practice selective disclosure of material information. If inadvertent disclosure is made to a select group of shareholders and/or investors, the Company will make the same disclosure publicly to all others as promptly and possible. The Company ensures that price-sensitive information is publicly released, and announced on an immediate basis where required under the Listing Manual of the SGX-ST. Such information includes information relating to changes in the company or its business which would be likely to materially affect the price or value of the Company's shares. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that shareholders, investors and the public have fair access to the information. At shareholders' meetings, the Board also seeks for the views, comments and input of the Company's shareholders and investors, to better understand and address their specific concerns.

While the Company does not have a dedicated investor relations team, the Management, including the CEO and CFO, actively undertakes efforts to engage with investors (both present and prospective). Such investor relations engagement efforts may include meetings with investors.

E. MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

Provisions 13.1, 13.2 and 13.3 – Stakeholder engagement

Apart from shareholder engagement, the Board regards fostering relationships with other stakeholders, such as business partners, surrounding communities, customers, employees and regulators, an important element in achieving long-term sustainable business performance. Therefore, the Board considers sustainability issues, such as environmental and social factors, as part of its strategic formulation so as to ensure the interests of material stakeholders are taken into account in its decision-making processes.

The Company is aware of the effects of its operations and the role it plays in preserving the environment. The Company intends to encourage a more environmentally responsible culture, including implementing policies for paper recycling, reducing the unnecessary use of paper and reducing electricity consumption.

The Company also maintains a corporate website to communicate and engage with stakeholders at www.nutryfarm.com.sg.

F. MATERIAL CONTRACTS

(Listing Manual Rule 1207(8))

Save for the service agreement between the Executive Directors and the Company, there are no material contracts entered into by the Company or its subsidiaries and in which the Chief Executive Officer, or any Director or controlling shareholders were interested subsisting at the end of FY2021.

G. RISK MANAGEMENT

(Listing Manual Rule 1207(4)(b)(iv))

The Company does not have a Risk Management Committee. However, Management regularly reviews the Company's business and operational activities to identify areas of significant business risk as well as appropriate measures to control and mitigate these risks. Management also reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

The Group has identified the various financial risks, details of which are found on pages 75 to 84.

H. Employee Share Option Scheme ("ESOS")

(Listing Manual Rule 852(1))

The ESOS, being the LottVision Share Option Scheme, is administered by the RC comprising Ms. Lee Pih Peng, Mr. Ng Poh Khoon Jimmy and Mr. Neo Chee Beng.

As at the end of FY2021, there were no outstanding share options.

I. Dealings in Securities

(Listing Manual Rule 1207(19))

The Group has adopted the SGX-ST's Best Practices Guide with respect to dealings in securities by the Directors and its executive officers. Officers of the Company should not deal in the securities of the Company on short-term considerations. Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the periods commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial period, and one month before the announcement of the Company's full year financial statements, as the case may be, and ending on the date of announcement of the relevant results, or when they are in possession of unpublished price-sensitive information on the Group.

To provide further guidance to employees on dealings in the Company's shares, the Company has adopted a code of conduct on transactions in the Company's shares. The code of conduct is modeled after the Best Practices Guide with some modifications.

J. INTERESTED PERSON TRANSACTIONS

(Listing Manual Rule 907)

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The Company did not seek a mandate from its shareholders for interested person transactions in FY2021.

Judicial Manager's Statement

The judicial manager presents this statement together with the consolidated financial statements of Nutryfarm International Limited (under judicial management) (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 30 September 2021 and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 September 2021 ("FY2021").

The Company has been placed under judicial management on 28 June 2022 and Mr Chan Yee Hong, care of Nexia TS Risk Advisory Pte Ltd, was appointed as the judicial manager of the Company. On 6 September 2023, Mr Chan Yee Hong (the "Former JM") was given leave to resign from office as the judicial manager of the Company, and Ms Ellyn Tan Huixian ("Judicial Manager" or "JM"), care of Forvis Mazars Consulting Pte Ltd, was appointed as the judicial manager of the Company. Since then, the JM has been managing the affairs, businesses and properties of the Company in order to achieve, amongst others, the survival of the Company, a more advantageous realisation of the assets of the Company and/or a restructuring of the debts and liabilities via a scheme of arrangement with its creditors and principal lender.

As at the date of this report, the ability of the Group and the Company to continue in operations as a going concern and to meet their financial obligations as and when they fall due is subject to the matters set out in Note 3 to the financial statements. For the avoidance of doubt, and as further described below, the Judicial Manager is not in a position to, and does not opine on, the ability of the Group and the Company to continue in operations as a going concern and to meet their financial obligations as and when they fall due.

Pursuant to Section 99(2) of the Insolvency, Restructuring and Dissolution Act 2018, during the period in which a company is in judicial management, all powers conferred and duties imposed on the directors of the company by the Insolvency, Restructuring and Dissolution Act 2018 or the Companies Act 1967, or by the constitution of the company, must be exercised and performed by the judicial manager and not by the directors, but nothing in this subsection of the Insolvency, Restructuring and Dissolution Act 2018 requires the judicial manager to call any meetings of the company. The Judicial Manager acts solely as an agent of the Company and disclaims all personal liability.

The JM highlights that the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for FY2021 were prepared by the management of the Company based on records and financial information available. The Judicial Manager is not in a position to provide representations, warranties, or assurances regarding the accuracy, completeness, or compliance of these financial statements with International Financial Reporting Standards. The Judicial Manager does not make or purport to make any statement in the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for FY2021, or any statement upon which a statement in the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for FY2021 is based, and makes no representation regarding any statement in the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for FY2021. The Judicial Manager expressly disclaim and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, in the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for FY2021.

Without prejudice to the generality of the foregoing, and notwithstanding anything in the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for FY2021, the Judicial Manager is not in a position to, and does not opine on, the Group's and the Company's ability to continue as going concern.

Further details on the basis of preparation of these financial statements are set out in Note 2.1 and Note 3 to the financial statements.

DIRECTORS

The Directors of the Company in office as at the date of this report are:

Niu Liming	Executive Director and Chief Executive Officer (appointed on 19 December 2022)
Er Kwong Wah	Lead Independent Director (appointed on 23 May 2023)

The Directors of the Company are subject to retirement and re-election at Annual General Meeting in accordance with the Company's Bye-laws.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company, the Directors of the Company who held office at the end of the financial year (including those held by their spouses and infant children) had no interests in shares, debentures, warrants and share options in the Company and the related corporations. The Directors' interest in the ordinary shares of the Company as at 21 October 2021 were the same as those at 30 September 2021.

Except as disclosed above and under the "Incentive Shares" section of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Notes 7 and 8 to the financial statements, since the end of the last financial period, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Directors, or with a firm of which he is a member or with a company in which he has substantial financial interest.

SHARE OPTIONS

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

INCENTIVE SHARES

The LottVision Incentive Share Scheme (the "Incentive Share Scheme") was approved by the shareholders on 29 July 2009.

The Incentive Share Scheme was administered by a Committee comprising the following former Directors during FY2021:

Neo Chee Beng
Xu Hai Min
Jimmy Ng Poh Khoon

As at the date of this report, these former Directors have resigned and the Company was placed under judicial management.

The principal terms of the Incentive Share Scheme are as follows:

(a) Eligibility

Under the rules of the Incentive Share Scheme, Executive and Non-Executive Directors and employees of the Group, who are not controlling shareholders of the Company and their associates, are eligible to participate in the Incentive Share Scheme.

(b) Size and duration

The aggregate number of shares which may be issued under the Incentive Share Scheme, when added to the number of shares issued and/or issuable in respect of all awards granted thereunder and other shares issued and/or issuable under other share-based incentive scheme of the Company, shall not exceed fifteen per cent (15%) of the issued share capital of the Company on the day preceding in the relevant date of award.

The Incentive Share Scheme shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the Incentive Share Scheme is adopted by the Company in general meeting, provided always that the Incentive Share Scheme may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required.
Entitlement to awards

Awards represent the right of a participant to receive fully-paid shares free of charge upon the participant satisfying the performance conditions (if any). The Committee administering the Incentive Share Scheme selects performance conditions which are consistent with the Company's business goals and which focus on creating value for shareholders. Such performance conditions can include targets relating to the cash flow and net profits of the Group over specified periods.

SHARES GRANTED DURING THE FINANCIAL YEAR

No shares were issued under the Incentive Share Scheme during the financial year ended 30 September 2021.

WARRANTS

There were no warrants granted by the Company during the financial year ended 30 September 2021.

AUDIT COMMITTEE

The Audit Committee comprised three members, who were independent of management within the meaning of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual") during FY2021:

Jimmy Ng Poh Khoon (Chairman)
Xu Hai Min
Neo Chee Beng

As at the date of this report, these former Directors have resigned and the Company was placed under judicial management.

INDEPENDENT AUDITOR

The current independent auditor of the Company, Baker Tilly TFW LLP has expressed that they will not seek re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting of the Company.

On behalf of the Company (under judicial management)

Ellyn Tan Huixian
Judicial Manager

25 February 2025

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

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of NutryFarm International Limited (under judicial management) (the "Company") and its subsidiaries (the "Group") as set out on pages 29 to 92, which comprise the balance sheets of the Group and the Company as at 30 September 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Disclaimer of Opinion

1. Limitation of scope

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

2. Appropriateness of the going concern assumption

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

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

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

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

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

3. Notice of compliance

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

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

Basis for Disclaimer of Opinion (cont'd)

4. Opening balances

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Baker Tilly TFW LLP
Public Accountants and Chartered Accountants
Singapore

25 February 2025

NUTRYFARM INTERNATIONAL LIMITED (UNDER JUDICIAL MANAGEMENT) AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 September 2021

		Group	
		1.10.2020 to 30.9.2021	**1.4.2019 to 30.9.2020**
	Note	**HK$'000**	**HK$'000**
Revenue	4	**98,995**	61,568
Cost of sales		**(68,214)**	(39,692)
Gross profit		**30,781**	21,876
Other income/(expenses)			
- Interest income		**104**	406
- Others	5	**1,904**	1,447
- Net impairment losses on financial assets	25(b)	**(98,600)**	(9,629)
Distribution expenses		**(6,414)**	(6,858)
Administrative expenses		**(28,412)**	(40,840)
Finance costs	6	**(9,891)**	(14,796)
Loss before tax	7	**(110,528)**	(48,394)
Tax expense	9	**(925)**	(118)
Loss for the financial year/period		**(111,453)**	(48,512)
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**2,051**	(1,085)
Other comprehensive income/(loss) for the financial year/period, net of tax		**2,051**	(1,085)
Total comprehensive loss for the financial year/period		**(109,402)**	(49,597)
Loss attributable to:			
Equity holders of the Company		**(111,450)**	(48,512)
Non-controlling interests		**(3)**	–
Loss for the financial year/period		**(111,453)**	(48,512)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(109,399)**	(49,597)
Non-controlling interests		**(3)**	–
Total comprehensive loss for the financial year/period		**(109,402)**	(49,597)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and Diluted	10	**(97.90)**	(50.31)

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

At 30 September 2021

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Non-current assets					
Investment in subsidiaries	11	**–**	–	**66,398**	61,132
Financial assets at fair value through other comprehensive income		**–**	–	**–**	–
Property, plant and equipment	12	**15,294**	46,582	**–**	–
Intangible assets	13	**640**	567	**–**	–
Other receivables	16	**1,202**	1,153	**–**	–
		17,136	48,302	**66,398**	61,132
Current assets					
Inventories	14	**16,642**	8,008	**–**	–
Trade receivables	15	**16,677**	7,371	**–**	–
Other receivables	16	**37,133**	112,442	**9**	133
Amounts due from subsidiaries	11	**–**	–	**159,763**	138,867
Cash and bank balances		**48,290**	8,689	**11,248**	256
		118,742	136,510	**171,020**	139,256
Current liabilities					
Trade and other payables	17	**50,806**	36,817	**25,843**	20,061
Contract liabilities	18	**3,619**	2,027	**–**	–
Borrowings	19	**97,848**	55,068	**81,878**	39,972
Amounts due to subsidiaries	11	**–**	–	**73,895**	70,871
Tax payable		**731**	–	**–**	–
		153,004	93,912	**181,616**	130,904
Net current (liabilities)/assets		**(34,262)**	42,598	**(10,596)**	8,352
Non-current liabilities					
Borrowings	19	**43,594**	83,545	**43,511**	83,545
Net (liabilities)/assets		**(60,720)**	7,355	**12,291**	(14,061)
Equity					
Share capital	22	**13,742**	9,642	**13,742**	9,642
Other reserves	23	**421,075**	381,825	**468,287**	429,647
Accumulated losses		**(495,562)**	(384,112)	**(469,738)**	(453,350)
Equity attributable to equity holders of the Company		**(60,745)**	7,355	**12,291**	(14,061)
Non-controlling interests		**25**	–	**–**	–
Total (deficit)/equity		**(60,720)**	7,355	**12,291**	(14,061)

The accompanying notes form an integral part of these financial statements.

NUTRYFARM INTERNATIONAL LIMITED (UNDER JUDICIAL MANAGEMENT) AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 30 September 2021

	Share Capital	Share Premium	Contributed Surplus Reserve	Fair value Reserve	Currency translation reserve	Accumulated Losses	Total	Non-controlling interests	Total equity /(deficit)
Group	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Balance at 1 April 2019	9,642	315,301	119,560	(45,505)	(6,446)	(335,600)	56,952	–	56,952
Loss for the financial period	–	–	–	–	–	(48,512)	(48,512)	–	(48,512)
Other comprehensive loss for the financial period, net of tax:									
- Currency translation differences arising on consolidation	–	–	–	–	(1,085)	–	(1,085)	–	(1,085)
Total comprehensive loss for the financial period, net of tax	–	–	–	–	(1,085)	(48,512)	(49,597)	–	(49,597)
Balance at 30 September 2020	9,642	315,301	119,560	(45,505)	(7,531)	(384,112)	7,355	–	7,355
Issuance of ordinary shares (Note 22)	4,100	37,199	–	–	–	–	41,299	–	41,299
Incorporation of a subsidiary	–	–	–	–	–	–	–	28	28
Loss for the financial year	–	–	–	–	–	(111,450)	(111,450)	(3)	(111,453)
Other comprehensive income for the financial year, net of tax:									
- Currency translation differences arising on consolidation	–	–	–	–	2,051	–	2,051	–	2,051
Total comprehensive income/(loss) for the financial year, net of tax	–	–	–	–	2,051	(111,450)	(109,399)	(3)	(109,402)
Balance at 30 September 2021	**13,742**	**352,500**	**119,560**	**(45,505)**	**(5,480)**	**(495,562)**	**(60,745)**	**25**	**(60,720)**

The accompanying notes form an integral part of these financial statements.

NUTRYFARM INTERNATIONAL LIMITED (UNDER JUDICIAL MANAGEMENT) AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 September 2021

	Share capital	Share premium	Contributed surplus reserve	Currency Translation Reserve	Accumulated losses	Total equity /(deficit)
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Company						
Balance at 1 April 2019	9,642	315,301	119,560	(4,145)	(415,448)	24,910
Loss for the financial period	–	–	–	–	(37,902)	(37,902)
Other comprehensive loss for the financial period, net of tax:						
- Currency translation differences arising from translation into the presentation currency	–	–	–	(1,069)	–	(1,069)
Total comprehensive loss for the financial period, net of tax	–	–	–	(1,069)	(37,902)	(38,971)
Balance at 30 September 2020	9,642	315,301	119,560	(5,214)	453,350)	(14,061)
Issuance of ordinary shares (Note 22)	4,100	37,199	–	–	–	41,299
Loss for the financial year	–	–	–	–	(16,388)	(16,388)
Other comprehensive income for the financial year, net of tax:						
- Currency translation differences arising from translation into the presentation currency	–	–	–	1,441	–	1,441
Total comprehensive income/(loss) for the financial year, net of tax	–	–	–	1,441	(16,388)	(14,947)
Balance at 30 September 2021	**13,742**	**352,500**	**119,560**	**(3,773)**	**(469,738)**	**12,291**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
For the financial year ended 30 September 2021

	Group	
	1.10.2020 to 30.09.2021 HK$'000	**1.4.2019 to 30.09.2020 HK$'000**
Cash flows from operating activities		
Loss before tax	**(110,528)**	(48,394)
Adjustments for:		
Amortisation of intangible assets	**65**	14
Loss on disposal of property, plant and equipment	**58**	1
Depreciation of property, plant and equipment	**2,551**	3,819
Net impairment losses on financial assets	**98,600**	9,629
Impairment losses on property, plant and equipment	**–**	8,259
Impairment losses on advances to supplier, net	**8,190**	6,108
Interest income	**(104)**	(406)
Interest expense	**9,891**	14,796
(Write-back of)/inventories written down, net	**(265)**	2,460
Foreign exchange (gain)/loss	**(85)**	1,643
Operating cash flows before changes in working capital	**8,373**	(2,071)
Changes in operating assets and liabilities:		
Inventories	**(7,986)**	2,251
Trade and other receivables	**(11,728)**	(11,083)
Trade and other payables	**8,835**	18,840
Currency translation adjustments	**(693)**	(4,786)
Cash (used in)/generated from operations	**(3,199)**	3,151
Tax (paid)/refunded	**(205)**	195
Net cash (used in)/generated from operating activities	**(3,404)**	3,346
Cash flows from investing activities		
Interest received	**104**	406
Purchases of property, plant and equipment (Note 12(v))	**(3,091)**	(16,861)
Proceed from disposal of property, plant and equipment	**–**	144
Advances refund for proposed acquisition	**–**	26,869
Repayment from/(advances to) third parties	**6,268**	(32,549)
Repayment from/(advances to) related parties	**1,264**	(7,474)
Prepayment paid for the intangible assets - patents	**(113)**	(280)
Net cash generated from/(used in) investing activities	**4,432**	(29,745)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW (Cont'd)
For the financial year ended 30 September 2021

	Group	
	1.10.2020 to 30.09.2021 HK$'000	**1.4.2019 to 30.09.2020 HK$'000**
Cash flows from financing activities		
Interest paid	**(1,978)**	(11,782)
Drawdown of bank loans	**15,507**	31,094
Repayment of bank loans	**(15,507)**	(31,094)
Repayment of lease liabilities	**(321)**	(512)
Advances from former director	**1,802**	–
Repayment to a related party	**(770)**	–
Repayment to former director	**(1,457)**	–
Proceeds from issuance of ordinary shares including share premium	**41,299**	–
Net cash generated from/(used in) financing activities	**38,575**	(12,294)
Net increase/(decrease) in cash and cash equivalents	**39,603**	(38,693)
Cash and cash equivalents at beginning of the financial year/period	**8,689**	47,380
Effects of foreign exchange rates changes	**(2)**	2
Cash and cash equivalents at end of the financial year/period	**48,290**	8,689

Cash and cash equivalents comprise cash and bank balances as presented on the balance sheets.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

NutryFarm International Limited (the "Company") is a company incorporated in Bermuda with limited liability under the Bermuda Companies Act 1981 and has its registered office at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The Company's principal office in Hong Kong is located at Room 1916, 19/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong.

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

Judicial management

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

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

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

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

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Hong Kong Dollar ("HK$") and all financial information presented in Hong Kong Dollar are rounded to the nearest thousand (HK$'000) except when otherwise indicated. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

2 Summary of significant accounting policies (cont'd)

2.1 **Basis of preparation (cont'd)**

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and bank balances, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2.2 **Adoption of new and revised International Financial Reporting Standards and interpretations of the International Financial Reporting Standards Interpretations Committee**

(a) New and amended standards adopted by the Group

In the current financial year, the Group has adopted all the new and revised IFRS issued by the IASB and interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRIC Interpretations") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC Interpretations.

The adoption of these new and revised IFRS and IFRIC Interpretations did not have any material effect on the financial results or position of the Group and the Company.

(b) New standards, amendments and interpretations to existing standards that are issued, revised or amended but are not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 30 September 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

2.3 **Revenue recognition**

Sale of goods

The Group transfers control and recognises a sale when goods are delivered to their customers. Revenue from these sales is recognised based on the price specified in the contract. No element of financing is deemed present as the sales are made with a credit term of 30 to 90 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. A contract liability is recognised when there is advance consideration from customers. For protective reasons, a portion of the contract consideration is received upfront, and the remaining consideration is received from customers when goods are delivered to the customers. As such, no financing component has been recognised as the payment terms are for reasons other than financing.

2 Summary of significant accounting policies (cont'd)

2.3 Revenue recognition (cont'd)

Interest income

Interest income is recognised using the effective interest method.

2.4 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's balance sheet, investment in subsidiaries is accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.6(a). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2 Summary of significant accounting policies (cont'd)

2.5 **Basis of consolidation (cont'd)**

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to equity holders of the Company.

When a change in the Company's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interests and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated profits if required by a specific IFRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

Consolidation of the subsidiaries in the People's Republic of China (the "PRC or China") are based on the subsidiaries' financial statements prepared in accordance with IFRS. Profits reflected in the financial statements prepared in accordance with IFRS may differ from those reflected in the PRC statutory financial statements of the subsidiaries, prepared for PRC reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by the PRC subsidiaries are based on the amounts stated in the PRC statutory financial statements.

2.6 **Intangible assets**

(a) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2 Summary of significant accounting policies (cont'd)

2.6 **Intangible assets (cont'd)**

(b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. These intangible assets are recognised separately from goodwill and are initially measured at their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and the expenditure is charged to profit or loss in the financial year in which the expenditure is incurred.

Intangible assets with a finite useful life are amortised on a straight-line basis over their estimated useful lives. The amortisation period and amortisation method for an intangible asset with a finite useful life is reviewed at least at each balance sheet date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible asset with a finite useful life is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost of disposal and the value in use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

The estimated useful lives are as follows:

Software	5 years
Patent	10 years
Customer relationship	5 years

2.7 **Property, plant and equipment**

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment initially recognised includes its purchase price, and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the assets.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

2 Summary of significant accounting policies (cont'd)

2.7 **Property, plant and equipment (cont'd)**

Construction in progress is stated at cost less impairment losses. The cost comprises direct costs of materials and the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress until it is completed and ready for its intended use.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to write off the depreciable amount of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

Leasehold land and buildings	2 to 50 years
Plant and machinery	10 years
Leasehold improvements	5 years
Furniture, fixtures and office equipment	3 to 5 years
Motor vehicles	3 to 4 years
Networking hardware and software	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

2.8 **Land use rights**

Land use rights are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Land use rights are amortised on a straight-line basis over the remaining years of rights allocated to use the land of 50 years.

The amortisation period and amortisation method are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.9 **Impairment of non-financial assets excluding goodwill**

At each balance sheet date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2 Summary of significant accounting policies (cont'd)

2.9 **Impairment of non-financial assets excluding goodwill (cont'd)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10 **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.11 **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognised the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2 Summary of significant accounting policies (cont'd)

2.11 **Leases (cont'd)**

When a Group entity is the lessee (cont'd)

Lease liabilities (cont'd)

The lease liabilities are presented within "borrowings" in the balance sheets.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date, initial direct cost, less any lease incentives received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use assets, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within "property, plant and equipment" in the balance sheets.

The Group applies IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.9.

2.12 **Income taxes**

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

2 Summary of significant accounting policies (cont'd)

2.12 **Income taxes (cont'd)**

Current tax is the expected tax payable or recoverable on the taxable income for the current financial year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred tax liability is provided on all taxable temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the financial year when the asset is recognised or the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

2.13 **Financial assets**

(i) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

(ii) Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income ("FVOCI").

The classification is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

2 Summary of significant accounting policies (cont'd)

2.13 **Financial assets (cont'd)**

(iii) Subsequent measurement

a. *Debt instruments*

Debt instruments include cash and bank balances, trade receivables, other receivables (excluding prepayments and advances to suppliers) and amounts due from subsidiaries. The subsequent measurement category depends on the Group's business model for managing the asset and cash flow characteristics of the asset.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

b. *Equity investments*

The Group subsequently measures all its equity instruments at their fair values.

The Group has designated all of its equity investments that are not held for trading as FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income and accumulated in fair value reserve and will never be reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to accumulated losses upon disposal. Dividends from equity investments are recognised in profit or loss and presented in "other income". Equity investments classified as FVOCI are not subject to impairment assessment.

(iv) Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2 Summary of significant accounting policies (cont'd)

2.13 **Financial assets (cont'd)**

(iv) Impairment (cont'd)

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each balance sheet date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

(v) Offset

Financial assets and liabilities are offset and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 **Cash and cash equivalents in the consolidated statement of cash flows**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits with financial institutions which are subject to insignificant risk of change in value and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged bank deposits.

2.15 **Financial liabilities**

Financial liabilities include "trade and other payables", "borrowings" and "amounts due to subsidiaries". Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2.16 **Share capital**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2 Summary of significant accounting policies (cont'd)

2.17 **Provisions for other liabilities**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

2.18 **Borrowing costs**

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the asset is substantially completed for its intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

2.19 **Employee benefits**

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Such state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.20 **Foreign currencies**

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Renminbi due to its financial reliance on the operation of its subsidiaries in the People's Republic of China. In view the Company's principal office is located in Hong Kong, the financial statements of the Group and the Company are presented in Hong Kong Dollar.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2 Summary of significant accounting policies (cont'd)

2.20 **Foreign currencies (cont'd)**

(c) *Translation of Group entities' financial statements*

The financial performance and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the balance sheet date;
(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
(iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

2.21 **Dividends**

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

2.22 **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

2.23 **Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

3 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

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

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

(i) Going concern assumption

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

Judicial management

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

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

(a) survival of the Company, or the whole or part of its undertaking as a going concern;

(b) the approval under Section 210 of the Companies Act 1967 or Section 71 of the Insolvency, Restructuring and Dissolution Act 2018 of a compromise or arrangement between the Company and any such persons as mentioned in those sections; and/or

(c) a more advantageous realisation of the Company's assets than on winding up.

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

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

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

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

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

(i) Going concern assumption (cont'd)

Judicial management (cont'd)

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

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

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

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

- S$1,500,000 will be allocated for capital injection into AI Nova for working capital purposes;

- S$300,000 will be allocated for expenses related to the Company's resumption of trading of its shares on the Mainboard of the SGX-ST; and

- the remaining balance will be used for the Company's general working capital needs.

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

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

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

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

(i) Going concern assumption (cont'd)

Judicial management (cont'd)

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

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

(ii) Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that prices of the significant subsidiaries are mainly denominated and settled in Renminbi ("RMB"). In addition, the Company's functional currency is determined to be Renminbi due to its financial reliance on the operation of its subsidiaries in the People's Republic of China. Therefore, management concluded that the functional currency of the Company is Renminbi.

(iii) Revenue recognition

As disclosed in Note 4, the Group started its new business in trading of fruits and related products during the financial year ended 30 September 2021. This includes the trading of durian fruits from Thailand to China (the "Thai Durian Business") and sales of imported fruits and related products in Singapore.

Prior to 14 September 2021, the Group did not have the relevant export licence in Thailand to enable the Group to be able to directly export the durians which it had agreed to sell from Thailand to its customers in China, hence, for the purchase contracts that the Group had entered into with its customers in China prior thereto, the Group had to go through certain export agent companies based in Thailand (the "Export Agent") to ship the durians to such customers in China, since the Export Agent had the relevant export licence to do so ("Relevant Trade Transactions"). The Group had, since the commencement of the Relevant Trade Transactions, recognised the entire amount of the purchase contracts entered into under the Relevant Trade Transactions as the sales revenue earned by the Group, upon the customers taking delivery of the goods shipped to them by the Export Agent. The Group had adopted such accounting treatment at that time, inter alia, as the Group was the principal in respect of the Relevant Trade Transactions, and the Export Agent merely acted as the agent of the Group in relation to the sales to the customers even though, inter alia, the relevant customs clearance paperwork to export the fruits to the customers in China was put up by the Export Agent, and payment from the customers was also made to the Export Agent instead of to the Group.

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

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

(iii) Revenue recognition (cont'd)

Based on the financial information of the Thai Durian Business operated and overseen by Cheng Meng, ex-director and Chief Executive Officer of the Company that are provided to the Company, the management has not been able to verify nor substantiate certain pertinent information of both suppliers and customers with respect to the transactions and account balances with these parties. Despite several stern warnings and time extensions given by the management to Cheng Meng, inter alia, to provide the Thai Operations Accounting Records, required information and data that should have been part of the Thai Operations Accounting Records in order to verify and substantiate the veracity of the trading operations as claimed to be genuine by Cheng Meng has not been forthcoming.

In view of above, revenue and related profit from the Thai Durian Business Operations amounting to HK$509,550,000 and HK$15,137,000, respectively have been excluded from the Group's financial performance for the financial year ended 30 September 2021 because the management was of the view that the Thai Durian Business Operations operated and overseen by Cheng Meng cannot be verified nor substantiated and thus the Group can only recognised revenue from the Thai Durian Business transactions for the period from January 2021 to March 2021 amounting to HK$27,701,000, where the sales and purchases were fully captured, and that the payments to suppliers and from customers were made directly with the Group.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each balance sheet date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate, in order to determine the present value of those cash flows.

The net carrying values of the Group's property, plant and equipment and intangible assets are disclosed in Note 12 and Note 13 respectively.

(ii) Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions with consideration on the impact of COVID-19 pandemic and how these conditions will affect the Group's ECL assessment. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

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

Key sources of estimation uncertainty (cont'd)

(ii) Calculation of loss allowance (cont'd)

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade receivables, other receivables and amounts due from subsidiaries are subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables, other receivables and amounts due from subsidiaries.

With the recent COVID-19 pandemic resulting in economic uncertainties and weakened financial positions in the trading sector, the estimates on ECL have included expected effects that the pandemic might have on the recoverability of the Group's and the Company's receivables. Details of ECL measurement and the carrying amounts of trade receivables, other receivables and amounts due from subsidiaries at balance sheet date are disclosed in Notes 25(b), 15, 16 and 11 respectively.

(iii) Investment in subsidiaries

Determining whether investment in subsidiaries are impaired requires an estimation of the value-in-use of those investments. The value-in-use calculation requires the Company to estimate the future cash flows expected from these investments and an appropriate discount rate in order to calculate the present value of the future cash flows. The value-in-use calculation requires the use of considerable judgments, estimates and assumptions. Changes in these assumptions and estimates could have a material effect on the determination of the recoverable amount of investment in subsidiaries.

Based on management's assessment, an impairment loss of HK$Nil (2020: HK$14,821,000) was recognised in the Company's profit or loss for the financial year ended 30 September 2021 to write down the cost of investment to their recoverable amounts. The net carrying amount of the Company's investment in subsidiaries at the balance sheet date is disclosed in Note 11.

4 Revenue and segment reporting

	Group	
	1.10.2020 to 30.9.2021 HK$'000	1.4.2019 to 30.9.2020 HK$'000
Sale of nutrition, health food and related health products	**70,233**	61,568
Sale of fruits and related products	**28,762**	–
	98,995	61,568

All sales are recognised at a point in time.

4 Revenue and segment reporting (cont'd)

(a) Segment results, assets and liabilities

The Group manages its business by business lines. In a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment. The Group has presented the following four reportable segments.

Internet management:	The provision of technical support services relating to internet and web-TV business.
Investment holding:	The management of the Group's investments, financial instruments and other treasury operations.
Nutrition, health food and related health products:	Manufacturing and trading of nutrition, health food and related health products.
Fruits and related products:	Trading of fruits and related products (new segment in FY2021)

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Segment assets include all current and non-current assets except for deferred tax assets and tax recoverable. Segment liabilities include all liabilities with the exception of corporate liabilities which consists of borrowings and tax payable.

- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

- The Group's senior executive management assesses the performance of the operating segments based on a measure of earnings before interest and income tax.

There were no inter-segments trade transactions during the financial year/period ended 30 September 2021 and 30 September 2020.

4 Revenue and segment reporting (cont'd)

(a) Segment results, assets and liabilities (cont'd)

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the financial year ended 30 September 2021 is set out below:

	Internet management HK$'000	Investment holding HK$'000	Nutrition, health food and related health products HK$'000	Fruits and related products HK$'000	Total HK$'000
30 September 2021					
Reportable segment revenue from external customers	**–**	**–**	**70,233**	**28,762**	**98,995**
Segment results	**(33,417)**	**(68,012)**	**19,635**	**(18,947)**	**(100,741)**
Interest income					**104**
Finance costs					**(9,891)**
Loss before tax					**(110,528)**
Tax expense					**(925)**
Loss for the financial year					**(111,453)**
Assets					
Segment assets	**4,745**	**12,232**	**112,485**	**6,416**	**135,878**
Unallocated assets	**–**	**–**	**–**	**–**	**–**
					135,878
Liabilities					
Segment liabilities	**3,747**	**29,930**	**16,848**	**3,900**	**54,425**
Unallocated liabilities	**–**	**125,793**	**16,376**	**4**	**142,173**
					196,598
Other segment information					
Depreciation and amortisation	**13**	**328**	**2,274**	**1**	**2,616**
Impairment losses on advances to supplier	**–**	**–**	**(10,357)**	**18,547**	**8,190**
Net impairment losses on financial assets	**34,067**	**61,850**	**2,683**	**–**	**98,600**
Capital expenditure	**637**	**–**	**3,171**	**33**	**3,841**

4 Revenue and segment reporting (cont'd)

(a) Segment results, assets and liabilities (cont'd)

	Internet management HK$'000	Investment holding HK$'000	Nutrition, health foc and related health products HK$'000	Total HK$'000
30 September 2020				
Reportable segment revenue from external customers	–	–	61,568	61,568
Segment results	(9,536)	(10,655)	(13,813)	(34,004)
Interest income				406
Finance costs				(14,796)
Loss before tax				(48,394)
Tax expense				(118)
Loss for the financial period				(48,512)
Assets				
Segment assets	37,900	62,587	84,325	184,812
Unallocated assets				–
				184,812
Liabilities				
Segment liabilities	3,719	24,470	10,655	38,844
Unallocated liabilities				138,613
				177,457
Other segment information				
Depreciation and amortisation	77	524	3,232	3,833
Net impairment losses on financial assets	1,081	–	8,548	9,629
Impairment losses on advances to supplier	–	–	6,108	6,108
Impairment losses on property, plant and equipment	8,259	–	–	8,259
Inventories written down, net	–	–	2,460	2,460
Capital expenditure	39,728	–	1,244	40,972

4 Revenue and segment reporting (cont'd)

(b) Geographic information

Revenue and non-current assets information based on the geographic location of customers and assets respectively are as follows:

	Sales to external customers		Non-current assets	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Singapore	**1,060**	–	**25**	–
PRC	**97,935**	61,568	**15,904**	47,149
Thailand	**–**	–	**5**	–
	98,995	61,568	**15,934**	47,149

Non-current assets information presented above are non-current assets as presented on the consolidated balance sheet excluding other receivables.

(c) Information about major customers

Revenue of approximately HK$41,524,000 (2020: HK$16,927,000) is derived from 2 (2020: 1) major external customers who individually contributed ten percent or more of the Group's revenue (attributable to nutrition, health food and related health products segment and fruits and related products segment) and are tabled below:

	Group	
	1.10.2020 to 30.9.2021	1.4.2019 to 30.9.2020
	HK$'000	HK$'000
Nutrition, health food and related health products segment		
Customer 1	**13,822**	–
Customer 2	**–**	16,927
Fruits and related products segment		
Customer 3	**27,702**	–
	41,524	16,927

5 Other income

	Group	
	1.10.2020 to 30.9.2021	1.4.2019 to 30.9.2020
	HK$'000	HK$'000
Foreign exchange gain, net	**1,490**	–
Government subsidies	**149**	869
Write-back of inventories written down, net	**265**	–
Others	**–**	578
	1,904	1,447

6 Finance costs

	Group	
	1.10.2020 to 30.9.2021 HK$'000	1.4.2019 to 30.9.2020 HK$'000
Interest expense on bank loans	**863**	1,399
Interest expense on loans from third parties	**9,009**	13,372
Interest expense on lease liabilities	**19**	25
	9,891	14,796

7 Loss before tax

	Group	
	1.10.2020 to 30.9.2021 HK$'000	1.4.2019 to 30.9.2020 HK$'000
Loss before tax is arrived at after charging/(crediting):		
Advertising and promotion fees	**3,457**	3,443
Auditors' remuneration paid/payable to:		
- Auditor of the Company	**778**	562
- Other auditors*	**1,150**	1,000
Fees for non-audit services paid/payable to:		
- Auditor of the Company	**–**	–
- Other auditors*	**–**	146
Loss on disposal of property, plant and equipment	**58**	1
Impairment losses on advances to supplier, net	**8,190**	6,108
Impairment losses on advances for proposed acquisition (Note 16(c))	**61,850**	–
Impairment losses on proceed receivables from return of property, plant and equipment	**34,067**	–
Impairment losses on advances to third parties and other receivables, net	**4,023**	11,802
Reversal of impairment losses on trade receivables, net	**(1,340)**	(2,173)
Amortisation of intangible assets	**65**	14
Depreciation of property, plant and equipment	**2,551**	3,819
Impairment losses on property, plant and equipment	**–**	8,259
Inventories written down, net	**–**	2,460
Legal and professional fees	**3,045**	3,024
Rental expenses	**216**	98
Research and development expenses	**3,012**	3,816
Staff costs (Note 8)	**12,371**	13,805
Travelling expenses	**–**	837

* Includes independent member firms of the Baker Tilly International network.

8 Staff costs

	Group	
	1.10.2020 to 30.9.2021 HK$'000	1.4.2019 to 30.9.2020 HK$'000
Key management personnel		
Former Directors of the Company:		
- Directors' fees	**616**	724
- Directors' remuneration and related costs	**1,648**	1,450
	2,264	2,174
Former Directors of subsidiary:		
- Directors' remuneration and related costs	**142**	405
- Defined contribution benefits	**10**	25
	152	430
Others:		
- Salaries	**840**	1,260
	840	1,260
Other personnel		
- Salaries and related costs	**8,251**	9,160
- Defined contribution benefits	**864**	781
	9,115	9,941
	12,371	13,805
Staff costs recognised in line items of profit or loss:		
- Cost of sales	**6,241**	3,018
- Administrative expenses	**5,504**	9,833
- Distribution expenses	**626**	954
	12,371	13,805

9 Tax expense

	Group	
	1.10.2020 to 30.9.2021 HK$'000	1.4.2019 to 30.9.2020 HK$'000
Tax expense attributable to profit/loss is made up of:		
- Current income tax provision	**925**	–
- Under provision of income tax in respect of previous financial years	**–**	118
	925	118

(a) Pursuant to the rules and regulations of Bermuda and British Virgin Islands ("BVI"), the companies incorporated in Bermuda and BVI are not subject to any income tax in Bermuda and BVI.

Nutryfarm (Chengdu) Biomedicine Limited ("NFC") a PRC subsidiary enjoys preferential income tax rate of 15% (2020: 15%) as it is regarded as high-tech enterprise.

The statutory income tax rate applicable to other PRC subsidiaries is 25% (2020: 25%), Hong Kong subsidiaries is 16.50% (2020: 16.50%), Thailand subsidiary is 20% and Singapore subsidiaries is 17%.

(b) The tax expense on the results of the financial year/period differs from the amount of income tax determined by applying the domestic rates applicable to loss in the countries where the Group entities operate due to the following factors:

	Group	
	1.10.2020 to 30.9.2021 HK$'000	1.4.2019 to 30.9.2020 HK$'000
Loss before tax	**(110,528)**	(48,394)
Notional tax expense on profit/loss before tax, calculated at the rates applicable in the tax jurisdictions concerned	**(25,227)**	(4,530)
Income not subject to tax	**(349)**	(443)
Expenses not deductible for tax purpose	**28,003**	2,371
Deferred tax assets not recognised	**133**	2,604
Utilisation of previously unrecognised deferred tax assets	**(1,655)**	–
Under provision of income tax in respect of previous financial years	**–**	118
Others	**20**	(2)
	925	118

9 Tax expense (cont'd)

As at 30 September 2021, the Group has not recognised deferred tax assets in respect of tax losses of HK$57,207,000 (2020: HK$57,081,000) and other deductible temporary differences of HK$63,785,000 (2020: HK$63,785,000) as it is uncertain that future taxable profits will be available against which the Group can utilise the benefits. The tax losses have no expiry date except for an amount of HK$3,016,000 (2020: HK$4,260,000) that can be carried forward up to five years (i.e. calendar year 2021 to 2026 (2020: calendar year 2020 to 2025) from the year of loss against future taxable profits/income of the PRC subsidiaries in which the tax losses arose, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in the PRC. During the financial year, the Group's unabsorbed tax losses brought forward amounting to HK$543,000 (2020: HK$681,000) has expired.

10 Loss per share

(a) Basic loss per share

The calculation of the basic loss per share attributable to equity holders of the Company is based on the following data:

	Group	
	1.10.2020 to 30.9.2021 HK$'000	1.4.2019 to 30.9.2020 HK$'000
Loss for the financial year/period attributable to equity holders of the Company (HK$'000)	**(111,450)**	(48,512)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	**113,836**	96,422
Basic loss per share (cents per share)	**(97.90)**	(50.31)

(b) Diluted loss per share

Diluted loss per share is same as basic loss per share as there were no potential dilutive ordinary shares for the financial year/period ended 30 September 2021 and 30 September 2020.

11 Subsidiaries

	Company	
	2021 HK$'000	2020 HK$'000
Investment in subsidiaries		
Unquoted equity shares, at cost	**142,614**	134,228
Less: Allowance for impairment losses	**(76,216)**	(73,096)
Net carrying amount	**66,398**	61,132

11 Subsidiaries (cont'd)

Movement in allowance for impairment losses during the financial year/period:

	Company 2021 HK$'000	2020 HK$'000
At beginning of the financial year/period	**73,096**	58,275
Allowance made	**–**	14,821
Currency translation differences	**3,120**	–
At end of the financial year/period	**76,216**	73,096

	Company 2021 HK$'000	2020 HK$'000
Amounts due from subsidiaries		
Gross amounts	**516,620**	495,516
Less: Allowance for impairment losses	**(356,857)**	(356,649)
Net carrying amount	**159,763**	138,867

Movement in allowance for impairment losses during the financial year/period is disclosed in Note 25(b).

	Company 2021 HK$'000	2020 HK$'000
Amounts due to subsidiaries	**73,895**	70,871

The amounts due from/to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

(a) Details of subsidiaries held by the Company are as follows:

Name of subsidiary	Country of incorporation	Issued and paid-up capital	Principal activities	Effective equity interest held 2021 %	2020 %
Held by the Company					
Nutryfarm Biomedicine International Limited	BVI	US$10,000	Investment holding	**100**	100
LottVision Holdings Limited	BVI	US$1	Investment holding	**100**	100
Global Agricapital Holdings Pte. Ltd.	Singapore	S$450,000	Wholesale of fruits, vegetables and durian	**100**	–

11 Subsidiaries (cont'd)

(a) Details of subsidiaries held by the Company are as follows (cont'd):

Name of subsidiary	Country of incorporation	Issued and paid-up capital	Principal activities	Effective equity interest held 2021 %	2020 %
Held by subsidiaries					
LottVision Gtech Management Limited	BVI	US$1	Investment holding	**100**	100
LottVision (Hong Kong) Limited	Hong Kong	HK$1	Investment holding	**100**	100
LottVision Investments Holdings Limited	BVI	US$1	Investment holding	**100**	100
LottVision Internet Management Limited	BVI	US$100	Development and sale of digital video surveillance products and solutions	**100**	100
WiVision Network Digital Video Technology (Beijing) Co., Limited ("WiVision")	The PRC	HK$15,000,000	Provision of internet related support services	**100**	100
Nutryfarm (Chengdu) Biomedicine Limited	The PRC	US$1,500,000	Research and development, production of health food, sale of self-produced products and provision of related technical services	**100**	100
Global Agricapital (Thailand) Co., Ltd	Thailand	THB5,000,000	Wholesale of fruits, vegetables and durian	**99.99**	–
Kong Jun Global Pte. Ltd.	Singapore	S$10,000	Wholesale of fruits, vegetables and durian	**51**	–

(b) Significant restrictions

Cash and cash equivalents of HK$35,800,000 (2020: HK$8,315,000) are held in the People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from the country, other than through dividends.

(c) Incorporation of subsidiaries

On 22 December 2020, the Company incorporated a wholly-owned subsidiary, Global Agricapital Holdings Pte. Ltd. for total consideration of S$450,000.

During the financial year, the Group incorporated a 99.99% owned subsidiary, Global Agricapital (Thailand) Co., Ltd for total consideration of THB4,999,700.

On 18 June 2021, the Group incorporated a 51% owned subsidiary, Kong Jun Global Pte. Ltd. for total consideration of S$5,100.

12 Property, plant and equipment

	Leasehold land and buildings HK$'000	Plant and machinery HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Networking hardware and software HK$'000	Total HK$'000
Group							
Cost							
At 1 October 2020	48,008	11,913	483	3,299	2,320	41,298	107,321
Additions	691	2,091	–	221	725	–	3,728
Disposals/Returns	–	–	–	–	–	(42,673)	(42,673)
Written off	(602)	–	–	–	–	–	(602)
Currency translation differences	2,000	522	–	121	56	1,375	4,074
At 30 September 2021	**50,097**	**14,526**	**483**	**3,641**	**3,101**	**–**	**71,848**
Accumulated depreciation and impairment losses							
At 1 October 2020	35,026	11,528	483	3,123	2,320	8,259	60,739
Depreciation charge	2,322	119	–	82	15	13	2,551
Disposals/Returns	–	–	–	–	–	(8,547)	(8,547)
Written off	(602)	–	–	–	–	–	(602)
Currency translation differences	1,488	487	–	113	50	275	2,413
At 30 September 2021	**38,234**	**12,134**	**483**	**3,318**	**2,385**	**–**	**56,554**
Representing:							
Accumulated depreciation	21,483	7,290	483	2,962	2,240	–	34,458
Accumulated impairment losses	16,751	4,844	–	356	145	–	22,096
	38,234	**12,134**	**483**	**3,318**	**2,385**	**–**	**56,554**
Net carrying value							
30 September 2021	**11,863**	**2,392**	**–**	**323**	**716**	**–**	**15,294**

12 Property, plant and equipment (cont'd)

	Leasehold land and buildings HK$'000	Plant and machinery HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Networking hardware and software HK$'000	Total HK$'000
Group							
At 1 April 2019	48,246	11,560	483	3,096	2,745	–	66,130
Additions	63	410	–	212	–	39,728	40,413
Disposals	–	–	–	–	(399)	–	(399)
Currency translation differences	(301)	(57)	–	(9)	(26)	1,570	1,177
At 30 September 2020	48,008	11,913	483	3,299	2,320	41,298	107,321
Accumulated depreciation and impairment losses							
At 1 April 2019	31,457	11,560	483	3,085	2,512	–	49,097
Depreciation charge	3,648	40	–	53	78	–	3,819
Disposals	–	–	–	–	(254)	–	(254)
Impairment losses	–	–	–	–	–	8,259	8,259
Currency translation differences	(79)	(72)	–	(15)	(16)	–	(182)
At 30 September 2020	35,026	11,528	483	3,123	2,320	8,259	60,739
Representing:							
Accumulated depreciation	18,275	6,684	483	2,767	2,175	–	30,384
Accumulated impairment losses	16,751	4,844	–	356	145	8,259	30,355
	35,026	11,528	483	3,123	2,320	8,259	60,739
Net carrying value							
30 September 2020	12,982	385	–	176	–	33,039	46,582

12 Property, plant and equipment (cont'd)

(i) At 30 September 2021, buildings of the Group with net carrying value of HK$1,182,000 (2020: HK$2,293,000) are secured for short-term bank loans (Note 19).

(ii) At 30 September 2021, including in buildings is the land use rights of the Group with net carrying value of HK$5,461,000 (2020: HK$5,391,000) which are secured for short-term bank loans (Note 19).

Location	Description and tenure	Gross land area (sqm)	Gross built-in area (sqm)	Use of property
彭州市业开发区 PY2010-12-2457 (Pharmaceutical Park, Industrial Development Zone, Pengzhou, Chengdu, Sichuan Province)	Valid for a period of 50 years from respective dates of grant and will be expiring in 2060	34,165.33	9,175.07	Industrial

Land use rights represent the rights to use a piece of land which is located in the PRC, and is valid for a period of 50 years from respective dates of grant and will be expiring in 2060.

(iii) During the financial year, there was a proceed receivables from Beijing Zhonglian Shengtong Internet Technology Co, Ltd. amounting to HK$34,377,000 (Note 16) was recognised from the return of property, plant and equipment with net carrying value of HK$34,067,000.

(iv) Included in property, plant and equipment are right-of-use assets of HK$5,860,000 (2021: HK$5,477,000) (Note 20).

(v) Non-cash transactions

	Group	
	1.10.2020 to 30.9.2021 HK$'000	1.4.2019 to 30.9.2020 HK$'000
Aggregate cost of property, plant and equipment acquired	**3,728**	40,413
Less: acquired under lease arrangement (Note 19)	**(637)**	–
Less: deposits paid for acquisition of property, plant and equipment in prior year	**–**	(23,552)
Net cash outflow for purchase of property, plant and equipment	**3,091**	16,861

13 Intangible assets

	Software HK$'000	Patent HK$'000	Customer relationship HK$'000	Total HK$'000
Group				
Cost				
At 1 April 2019	–	1,874	16,756	18,630
Additions	–	559	–	559
Currency translation differences	–	10	–	10
At 30 September 2020	–	2,443	16,756	19,199
Additions	–	113	–	113
Currency translation differences	–	105	–	105
At 30 September 2021	**–**	**2,661**	**16,756**	**19,417**
Accumulated amortisation and impairment losses				
At 1 April 2019	–	1,874	16,756	18,630
Amortisation charge	–	14	–	14
Currency translation differences	–	(12)	–	(12)
At 30 September 2020	–	1,876	16,756	18,632
Amortisation charge	–	65	–	65
Currency translation differences	–	80	–	80
At 30 September 2021	**–**	**2,021**	**16,756**	**18,777**
Representing:				
Accumulated amortisation	–	1,112	16,756	17,868
Accumulated impairment losses	–	909	–	909
	–	**2,021**	**16,756**	**18,777**
Net carrying value				
At 30 September 2021	**–**	**640**	**–**	**640**
At 30 September 2020	–	567	–	567

The amortisation charge for the financial year/period is included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

Customer relationship arose from acquisition of Nutryfarm Biomedicine International Limited and its subsidiaries during the financial year ended 31 March 2013.

14 Inventories

	Group	
	2021	2020
	HK$'000	HK$'000
Raw materials	**9,592**	5,177
Work in progress	**749**	234
Finished goods	**6,301**	2,597
	16,642	8,008

During the financial year/period, raw materials, consumables and changes in finished goods and work in progress included as cost of sales amounted to HK$36,774,000 (2020: HK$35,562,000).

15 Trade receivables

	Group	
	2021	2020
	HK$'000	HK$'000
Trade receivables		
- Third parties	**23,300**	18,636
- Related party	**7,575**	3,693
	30,875	22,329
Less: Allowance for impairment losses		
- Third parties	**(12,458)**	(13,289)
- Related party	**(1,740)**	(1,669)
	16,677	7,371

16 Other receivables

	Group		Company	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current				
Prepayment to third party vendors [a]	**1,202**	1,153	**–**	–
Current				
Deposits	**182**	179	**–**	–
Prepayments	**1,569**	739	**–**	125
Advances to suppliers	**20,162**	16,214	**–**	–
Advances to third parties [b]	**42,796**	47,111	**–**	–
Advances for proposed acquisition [c]	**61,850**	61,976	**–**	–
Advances to a related party [b]	**8,028**	8,924	**–**	–
Proceed receivables from disposal of property, plant and equipment [d]	**34,377**	–	**–**	–
Other receivables	**6,473**	6,042	**9**	8
	175,437	141,185	**9**	133
Less: Allowance for impairment losses				
Advances to suppliers	**(19,900)**	(11,322)	**–**	–
Advances to third parties	**(21,097)**	(16,340)	**–**	–
Advances for proposed acquisition	**(61,850)**	–	**–**	–
Proceed receivables from disposal of property, plant and equipment	**(34,377)**	–	**–**	–
Other receivables	**(1,080)**	(1,081)	**–**	–
	37,133	112,442	**9**	133

Movement in allowance for impairment losses on advances to suppliers during the financial year:

	Group	
	2021	2020
	HK$'000	HK$'000
At beginning of the financial year/period	**11,322**	5,005
Allowance made	**8,190**	6,108
Currency translation differences	**388**	209
At end of the financial year/period	**19,900**	11,322

(a) Prepayment to third party vendors of HK$1,202,000 (2020: HK$1,153,000) relate to amounts paid to third party vendors for purchase of intangible assets - patent.

(b) Advances to third parties and a related party are unsecured, interest-free and repayable on demand.

(c) During the current financial year, the Group has received refunds of HK$2,771,000 from the vendor. As at 30 September 2021, the refundable advances paid to the vendor for proposed acquisition of First Linkage Inc. amounting to HK$61,850,000 (Note 7) have been fully provided for impairment losses.

(d) As disclosed in Note 12(iii), an amount of HK$34,377,000 was recognised as the proceed receivables from Beijing Zhonglian Shengtong Internet Technology Co, Ltd. for the return of property, plant and equipment during the financial year. The amount was fully provided for impairment losses as at 30 September 2021.

17 Trade and other payables

	Group		Company	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**11,901**	7,810	**–**	–
Other payables and accruals	**16,152**	14,064	**8,165**	13,747
Accrued interest expense	**14,111**	8,646	**14,111**	3,654
Directors' fees payable	**2,384**	1,477	**2,384**	1,477
Amount due to former director	**2,985**	2,640	**1,183**	1,183
Amount due to a related party	**–**	770	**–**	–
Advances received from a third party	**3,273**	1,410	**–**	**–**
	50,806	36,817	**25,843**	20,061

The amount due to former director of the Company, amount due to a related party and advances received from a third party are unsecured, interest-free and repayable on demand.

Related party refers to Group's key management personnel.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Accrued interest expenses HK$'000	Amount due to Former director HK$'000	Amount due to a related party HK$'000	Total HK$'000
Balance at 1 April 2019	8,931	2,640	770	12,341
Changes from financing cash flows:				
- Interest paid	(10,358)	–	–	(10,358)
Non-cash changes:				
- Interest expense	10,073	–	–	10,073
Balance at 30 September 2020	8,646	2,640	770	12,056
Changes from financing cash flows:				
- Proceeds	–	1,802	–	1,802
- Repayments	–	(1,457)	(770)	(2,227)
- Interest paid	(1,096)	–	–	(1,096)
Non-cash changes:				
- Interest expense	6,805	–	–	6,805
Effect of changes in foreign exchange rates	(244)	–	–	(244)
Balance at 30 September 2021	**14,111**	**2,985**	**–**	**17,096**

18 Contract liabilities

Contract liabilities relate to advance consideration received from customers. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

The following table provides information about contract balances from contracts with customers:

	Group		
	2021	**2020**	1.4.2019
	HK$'000	HK$'000	HK$'000
Trade receivables from contracts with customers	**16,677**	7,371	9,492
Contract liabilities	**3,619**	2,027	1,262

Contract liabilities has increased significantly due to more contracts in which the Group billed and received consideration ahead of sales of goods.

19 Borrowings

	Group		Company	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current				
Loans from third parties	**43,511**	83,545	**43,511**	83,545
Lease liabilities	**83**	–	**–**	–
	43,594	83,545	**43,511**	83,545
Current				
Bank loans	**15,648**	15,007	**–**	–
Lease liabilities	**322**	89	**–**	–
Loans from third parties	**81,878**	39,972	**81,878**	39,972
	97,848	55,068	**81,878**	39,972
Total borrowings	**141,442**	138,613	**125,389**	123,517

Loans from third parties (i.e. New Star Education Limited ("NS") and Corpbond (formerly known as Furong Corpbond II Ltd)) are unsecured, bear interests ranging from 3.70% to 7.40% (2020: 3.74% to 9.45%) per annum and are repayable on fixed maturity dates, within 1 to 2 (2020: 1 to 3) next financial years. At 30 September 2021, the maturity dates ranging from 18 April 2021 to 13 November 2022. On 29 January 2021, the Company has entered into two agreements with NS and Corpbond ("Loan Transfer Agreements") whereas NS has transferred an aggregated third-party loans of S$7,400,000 (HK$42,450,000) to Corpbond. Accordingly, NS has waived the Company from all liabilities in relation to the subject loans and the Company shall become liable to repay principal and interests of the subject loans to Corpbond. As stated in the Loan Transfer Agreements, Corpbond has agreed to extend the respective maturity dates of these loans by 1 to 2 years and as such the renewed maturity dates of all these loans will only fall due on or after 19 April 2022. In addition, the Company has entered another agreement with Corpbond on 1 February 2021 ("Loan Extension Agreement) whereas Corpbond has agreed to extend the maturity dates of a loan amounting to S$2,000,000 (HK$11,474,000) from 7 November 2021 to 7 November 2022. On 10 May 2022, Corpbond filed an Originating Application in the General Division of the High Court of Singapore, seeking inter alia, an order to place the Company under judicial management of a judicial manager pursuant to the provisions of Part 7 of the Insolvency, Restructuring and Dissolution Act 2018.

19 Borrowings (cont'd)

The bank loans bear interests ranging from 4.25% to 6.01% (2020: 6.23%) per annum.

At the balance sheet date, the bank loans of the Group are secured by:

(i) the Group's buildings and right-of-use assets/land use rights with net carrying value of HK$1,182,000 (2020: HK$2,293,000) and HK$5,461,000 (2020: HK$5,391,000) (Note 12); and
(ii) the personal guarantees provided by two former directors of a subsidiary.

The carrying amounts of the current borrowings approximate their fair values at the end of the reporting period.

Based on discounted cash flows using market lending rate for similar borrowings which the management expects would be available to the Group at the balance sheet date, the fair values of the non-current loans from third parties at the balance sheet date approximate their carrying value as there are no significant changes in the interest rates available to the Group at the balance sheet date. This fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Loan from third parties	Bank loans	Lease liabilities	Total
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Group				
Balance at 1 April 2019	119,826	15,105	–	134,931
Adoption of IFRS 16	–	–	601	601
Changes from financing cash flows:				
- Proceeds	–	31,094	–	31,094
- Repayments	–	(31,094)	(512)	(31,606)
- Interest paid	–	(1,399)	(25)	(1,424)
Non-cash changes:				
- Interest expense	3,299	1,399	25	4,723
Effect of changes in foreign exchange rates	392	(98)	–	294
Balance at 30 September 2020	123,517	15,007	89	138,613
Changes from financing cash flows:				
- Proceeds	–	15,507	–	15,507
- Repayments	–	(15,507)	(321)	(15,828)
- Interest paid	–	(863)	(19)	(882)
Non-cash changes:				
- Interest expense	2,204	863	19	3,086
- New leases	–	–	637	637
Effect of changes in foreign exchange rates	(332)	641	–	309
Balance at 30 September 2021	**125,389**	**15,648**	**405**	**141,442**

20 Leases

The Group leases land and buildings from non-related party. The leases typically run for an initial period of 1 to 50 years, with an option to renew the lease upon expiry when all terms are renegotiated.

The maturity analysis of the lease liability is disclosed in Note 25(b).

Information about leases for which the Group is a lessee is presented below:

Amounts recognised in balance sheet

	Group	
	2021	2020
	HK$'000	HK$'000
Carrying amount of right-of-use assets included under property, plant and equipment		
Leasehold land and buildings	**5,860**	5,477

Amounts recognised in profit or loss

	Group	
	1.10.2020 to 30.9.2021	1.4.2019 to 30.9.2020
	HK$'000	HK$'000
Depreciation charge	**464**	705
Interest expense on lease liabilities	**19**	25
Lease expense	**216**	98

Total cash flows for lease amounted to HK$556,000 (2020: HK$635,000).

21 Equity compensation benefits

LottVision Incentive Share Scheme

Pursuant to a resolution of shareholders on 29 July 2009, an employee incentive scheme (the "LottVision Incentive Share Scheme") was adopted for a term of 10 years. The purpose of this scheme is to provide incentives to employees of the Group and Executive and Non-Executive Directors to excel in their performance as well as to enhance their loyalty and dedication to the Group.

The LottVision Incentive Share Scheme is administered by the Remuneration Committee or such other committee comprising the Directors appointed by the Board of Directors (the "Incentive Committee"). Under the LottVision Incentive Share Scheme, the Incentive Committee may grant awards of shares in the Company to the employees of the Group and Executive and Non-Executive Directors, who are not the controlling shareholders of the Company or their associates, as the Incentive Committee may select, in its absolute discretion, which shall take into account the rank, job performance, level of responsibility, year of services and such other criteria as the Incentive Committee may consider appropriate. The selected employees are not required to pay for the grant of award of the shares.

The total number of shares issued and to be issued in respect of the awards granted under the LottVision Incentive Share Scheme and in respect of the options under the LottVision Share Option Scheme shall not, in aggregate, exceed 15% of the issued share capital of the Company on the date preceding the date of the relevant grant.

During the financial year/period ended 30 September 2021 and 30 September 2020, no award of shares were granted.

22 Share capital

Authorised and issued share capital

	Group and Company			
	2021		2020	
	Number of shares '000	**Par value HK$'000**	Number of shares '000	Par value HK$'000
Authorised:				
Ordinary shares of HK$0.10				
At beginning and end of the financial year/period	**1,750,000**	**175,000**	1,750,000	175,000
Issued:				
At beginning of the financial year/period	**96,422**	**9,642**	96,422	9,642
Issuance of ordinary shares	**41,000**	**4,100**	–	–
At end of the financial year/period	**137,422**	**13,742**	96,422	9,642

The Company issued 19,000,000 ordinary shares at S$0.04 per share and 22,000,000 ordinary shares at S$0.29 per share for total cash consideration of HK$41,299,000 (inclusive of HK$37,199,000 of share premium) on 19 November 2020 and 15 September 2021 respectively. The newly issued shares rank pari passu in all respects with the previously issued shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by Company. All ordinary shares carry one vote per share without restriction.

23 Other reserves

	Group		Company	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Other reserves comprise:				
Share premium	**352,500**	315,301	**352,500**	315,301
Contributed surplus reserve	**119,560**	119,560	**119,560**	119,560
Currency translation reserve	**(5,480)**	(7,531)	**(3,773)**	(5,214)
Fair value reserve	**(45,505)**	(45,505)	**–**	–
	421,075	381,825	**468,287**	429,647

(i) Share premium

The application of the share premium is governed by Section 40 of the Bermuda Companies Act 1981.

(ii) Contributed surplus reserve

On 17 June 2015, the reduction in par value of the issued consolidated shares from HK$2.80 each to HK$0.10 each did not result in any return of capital to shareholders. The credit amount arising from the issued share capital reduction was transferred to contributed surplus reserve.

23 Other reserves (cont'd)

(iii) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2.20.

(iv) Distributability of reserve

As at 30 September 2021, the Company does not have reserves available for distribution to equity holders of the Company (2020: Nil), except for contributed surplus reserve. The Directors may apply any credit balance in the contributed surplus reserve of the Company in accordance with the Bye-Laws and the Bermuda Companies Act for future distributions and other usage, as permitted by the relevant Bermuda laws and regulations at the time the contributed surplus reserve is used and also subject to, amongst others, the availability of sufficient cash flow.

(v) Fair value reserve

The reserve represents changes in the fair value of equity shares classified as financial assets at fair value through other comprehensive income.

24 Related party transactions

(a) In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year/period on terms agreed by the parties concerned:

	Group	
	1.10.2020 to 30.9.2021 HK$'000	1.4.2019 to 30.9.2020 HK$'000
Advances from	**1,802**	–
With related parties		
Sales to	**9,715**	2,391
Advances to	**–**	7,474
Service income	**–**	240
Allowance for impairment losses	**–**	1,669

Other related parties comprise mainly companies which are controlled by a director of the subsidiary.

(b) Key management personnel remuneration

Key management personnel are Directors and those person having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly. Remuneration for key management personnel, including amounts paid to the Company's former Directors are disclosed in Note 8.

24 Related party transactions (cont'd)

(b) Key management personnel remuneration (cont'd)

The amounts do not include compensation of any of the key management personnel and Directors who received compensation from related corporations outside the Group in their capacity as Directors and/or Executives of those related corporations.

25 Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the balance sheet date are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Financial assets at amortised cost	**100,269**	122,871	**171,020**	139,131
Financial liabilities				
Financial liabilities at amortised cost	**192,248**	175,430	**225,127**	214,449

(b) Financial risk management

The Group's financial assets comprised mainly trade receivables, other receivables and cash and bank balances. The Group's financial liabilities comprised trade and other payables and borrowings.

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's financial performance as described below.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's and the Company's credit risk is primarily attributable to trade receivables, other receivables and deposits with banks.

Management has a credit policy in place over trade receivables and other receivables and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount and advance to business partners. Trade receivables are due on the date of billing. With respect to advances to third parties, the repayment terms are set out in each fund advance agreement and normally are repayable within one year. The Group does not obtain collaterals from both customers and business partners.

25 Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Credit risk (cont'd)

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECLs"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

25 Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial asset has a low risk of default and the borrower has a strong capacity to meet its contractual cash flow obligations in the near term.

Definition of default

The Group considers information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group as constituting an event of default for internal credit risk management purposes. Based on historical experience, it indicates that receivables that meet the criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year, except for reassessments made of the current COVID-19 pandemic effects on the historical default rates of each past due category of its trade receivables.

Maximum exposure and concentration assumptions

At the balance sheet date, approximately 73% (2020: 95%) of the Group's trade receivables were due from 4 (2020: 5) major customers located in PRC.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the balance sheets.

25 Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Credit risk (cont'd)

Movements in credit loss allowance are as follows:

	Trade receivables HK$'000	Other receivables HK$'000	Total HK$'000
Group			
Balance at 1 April 2019	17,321	5,228	22,549
Loss allowance measured/(reversed):			
Lifetime ECL			
- simplified approach	1,418	–	1,418
- credit-impaired	(3,591)	11,802	8,211
Currency translation differences	(190)	391	201
Balance at 30 September 2020	14,958	17,421	32,379
Loss allowance measured/(reversed):			
Lifetime ECL			
- credit-impaired	(1,340)	99,940	98,600
Currency translation differences	580	1,043	1,623
Balance at 30 September 2021	**14,198**	**118,404**	**132,602**

	Amounts due from subsidiaries HK$'000
Company	
Balance at 1 April 2019	355,738
Loss allowance measured:	
Lifetime ECL - credit-impaired	911
Balance at 30 September 2020	356,649
Currency translation differences	208
Balance at 30 September 2021	**356,857**

Credit risk exposure in relation to financial assets at amortised cost (other than trade receivables and other receivables) as at 30 September 2020 and 30 September 2021 is insignificant, and accordingly no credit loss allowance is recognised as at 30 September 2020 and 30 September 2021.

25 Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Credit risk (cont'd)

Trade receivables

The Group's credit risk exposure in relation to trade receivables using simplified approach under IFRS 9 as at 30 September 2020 and 30 September 2021 is set out in the provision matrix below:

	Past due					
	0 to 6 months HK$'000	6 to 12 months HK$'000	12 to 24 months HK$'000	More than 24 months HK$'000	Credit-impaired HK$'000	Total HK$'000
Group						
30 September 2021						
Expected loss rate	13%	74%	100%	78%	100%	
Gross receivables	16,364	4,462	3,246	5,738	1,065	30,875
Loss allowance	(2,124)	(3,290)	(3,246)	(4,473)	(1,065)	(14,198)
Net carrying amount	**14,240**	**1,172**	**–**	**1,265**	**–**	**16,677**
30 September 2020						
Expected loss rate	0%	41%	100%	100%	95%	
Gross receivables	5,970	1,203	1,397	1,093	12,666	22,329
Loss allowance	–	(495)	(1,397)	(1,093)	(11,973)	(14,958)
Net carrying amount	5,970	708	–	–	693	7,371

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. The Group categorises its trade receivables by its past due status and segregates debtors regarded as credit-impaired where one or more credit impairment events have occurred. The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions with consideration of the impact of COVID-19 pandemic on the ability of the customers to settle the receivables.

In addition, the Group reviews each debtor for evidence of credit impairment. For those credit-impaired debtors, the Group has recognised 100% loss allowance on those outstanding balances not collected as of the date of authorisation of these financial statements.

A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

25 Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Credit risk (cont'd)

Other financial assets at amortised cost

Other financial assets at amortised cost include cash and bank balances, other receivables (excluding prepayments and advances to suppliers) and amounts due from subsidiaries.

The table below details the credit quality of the Group's financial assets (other than trade receivables):

30 September 2021	**12-month or lifetime ECL**	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**	**Net carrying amount HK$'000**
Other receivables (excluding prepayments	12-month ECL	**8,210**	**–**	**8,210**
and advances to suppliers)	Lifetime ECL	**145,496**	**(118,404)**	**27,092**
Cash and bank balances	Exposure Limited	**48,290**	**–**	**48,290**
30 September 2020				
Other receivables (excluding prepayments	12-month ECL	71,079	–	71,079
and advances to suppliers)	Lifetime ECL	53,153	(17,421)	35,732
Cash and bank balances	Exposure Limited	8,689	–	8,689

The table below details the credit quality of the Company's financial assets:

30 September 2021	**12-month or lifetime ECL**	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**	**Net carrying amount HK$'000**
Amounts due from subsidiaries	Lifetime ECL	**516,620**	**(356,857)**	**159,763**
Other receivables (excluding prepayments)	Exposure Limited	**9**	**–**	**9**
Cash and bank balances	Exposure Limited	**11,248**	**–**	**11,248**
30 September 2020				
Amounts due from subsidiaries	Lifetime ECL	495,516	(356,649)	138,867
Other receivables (excluding prepayments)	Exposure Limited	8	–	8
Cash and bank balances	Exposure Limited	256	–	256

25 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's Board of Directors when the borrowings exceed certain predetermined levels of authority.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company are required to pay:

	2021				2020			
	Carrying amount HK$'000	**Total contractual undiscounted cash flow HK$'000**	**Within 1 year or on demand HK$'000**	**2 to 5 years HK$'000**	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	2 to 5 years HK$'000
Group								
Trade and other payables	**50,806**	**50,806**	**50,806**	**–**	36,817	36,817	36,817	–
Bank loans	**15,648**	**16,221**	**16,221**	**–**	15,007	15,748	15,748	–
Loans from third parties	**125,389**	**146,079**	**104,504**	**41,575**	123,517	141,550	49,255	92,295
Lease liabilities	**405**	**405**	**322**	**83**	89	90	90	–
	192,248	**213,511**	**171,853**	**41,658**	175,430	194,205	101,910	92,295
Company								
Trade and other payables	**25,843**	**25,843**	**25,843**	**–**	20,061	20,061	20,061	–
Amounts due to subsidiaries	**73,895**	**73,895**	**73,895**	**–**	70,871	70,871	70,871	–
Loans from third parties	**125,389**	**146,079**	**104,504**	**41,575**	123,517	141,550	49,255	92,295
	225,127	**245,817**	**204,242**	**41,575**	214,449	232,482	140,187	92,295

25 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Foreign currency risk

The Group operates in the PRC, Hong Kong and Thailand.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as Hong Kong dollar ("HKD"), Singapore dollar ("SGD"), United States dollar ("USD") and Renminbi ("RMB"). Currency risk arises when transactions are denominated in foreign currencies. This risk is mitigated to certain extent by the natural hedge between sales receipts and purchases, and operating expenses disbursement.

The Group's and the Company's currency exposure based on the information provided to key management is as follows:

Denominated in:	**HKD** **HK$'000**	**SGD** **HK$'000**	**USD** **HK$'000**	**RMB** **HK$'000**
Group				
2021				
Cash and bank balances	24	11,224	1	–
Other receivables	9	–	–	–
Amounts due from subsidiaries	112,821	2,444	–	–
Trade and other payables	(6,505)	(17,464)	(1,873)	–
Borrowings	–	(110,311)	(15,078)	–
Net financial assets/(liabilities) denominated in foreign currencies	**106,349**	**(114,107)**	**(16,950)**	**–**
2020				
Cash and bank balances	38	235	785	–
Other receivables	–	–	–	61,976
Amounts due from subsidiaries	96,191	–	–	–
Trade and other payables	(16,558)	(6,894)	(1,017)	–
Borrowings	–	(108,909)	(14,592)	–
Net financial assets/(liabilities) denominated in foreign currencies	79,671	(115,568)	(14,824)	61,976

25 Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Foreign currency risk (cont'd)

Denominated in:	**HKD HK$'000**	**SGD HK$'000**	**USD HK$'000**	**RMB HK$'000**
Company				
2021				
Cash and bank balances	24	11,224	–	–
Other receivables	9	–	–	–
Amounts due from subsidiaries	112,821	2,444	–	–
Trade and other payables	(6,505)	(17,464)	(1,873)	–
Borrowings	–	(110,311)	(15,078)	–
Net financial assets/(liabilities) denominated in foreign currencies	**106,349**	**(114,107)**	**(16,951)**	**–**
2020				
Cash and bank balances	21	235	16	–
Amounts due from subsidiaries	96,191	–	–	–
Trade and other payables	(12,150)	(6,894)	(1,017)	–
Borrowings	–	(108,909)	(14,592)	–
Net financial assets/(liabilities) denominated in foreign currencies	84,062	(115,568)	(15,593)	–

If foreign currencies change against the respective functional currencies of the Group's entities by 5% (2020: 5%) with all other variables including tax rate being held constant, the effect arising from the net monetary assets/(liabilities) position will be as follows:

	Increase/(decrease) in loss after tax	
	2021 HK$'000	2020 HK$'000
Group		
HKD against RMB		
- strengthened	**(4,413)**	(3,306)
- weakened	**4,413**	3,306
SGD against RMB		
- strengthened	**4,735**	4,796
- weakened	**(4,735)**	(4,796)
USD against RMB		
- strengthened	**703**	615
- weakened	**(703)**	(615)
RMB against HKD		
- strengthened	**–**	(2,572)
- weakened	**–**	2,572

25 Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Foreign currency risk (cont'd)

	Increase/(decrease) in loss after tax	
	2021	2020
	HK$'000	HK$'000
Company		
HKD against RMB		
- strengthened	**(4,413)**	(3,489)
- weakened	**4,413**	3,489
SGD against RMB		
- strengthened	**4,735**	4,796
- weakened	**(4,735)**	(4,796)
USD against RMB		
- strengthened	**703**	647
- weakened	**(703)**	(647)

Interest rate risk

The Group's and the Company's exposure to the risk of changes in interest rates arises mainly from their bank loans and loans from third parties. Borrowings at fixed rates expose the Group and the Company to fair value interest rate risk (ie. the risk that the value of a financial instrument will fluctuate due to changes in market rates). The Group's and the Company's policy is to obtain most favourable interest rate available in the market. The Group and the Company do not utilise derivative to mitigate its interest rate risk.

If the interest rates increase/decrease by 50 (2020: 50) basis points with all other variables including tax rate being held constant, the loss after tax of the Group and the Company will be higher/lower by HK$695,000 (2020: HK$681,000) and HK$627,000 (2020: HK$618,000) respectively as a result of higher/lower interest expenses on borrowings.

26 Fair values of assets and liabilities

a) ***Fair value hierarchy***

The table below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

(i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
(ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (ie derived from prices); and
(iii) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

b) ***Fair value of the current financial assets and liabilities***

The current financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

c) ***Determination of fair values***

Non-current loans from third parties

The basis of determining fair value for disclosure at the balance sheet date is disclosed in Note 19.

27 Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the consolidated financial statements are as follows:

	Group	
	2021	2020
	HK$'000	HK$'000
Approved and contracted for purchases of		
- intangible assets	**–**	570
- networking hardware and software	**–**	29,951

28 Capital management

It is the policy of the Board of Directors to maintain an appropriate capital base to support the Group's business and maximise shareholders' value through the optimisation of debt and equity balance. It is also the policy of the Board of Directors to monitor the return on capital (comprising share capital and reserves and the level of dividends to ordinary shareholders). The Company's ability to manage its capital has, however, constrained by the current difficult operating conditions as the Company placed under judicial management (see Note 1).

29 Comparative figures

The financial statements for the financial year ended 30 September 2021 cover the financial period from 1 October 2020 to 30 September 2021 whereas financial statements for the financial period ended 30 September 2020 cover the financial period from 1 April 2019 to 30 September 2020. As such, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows, statements of changes in equity and related notes for current financial period and previous financial period are not comparable.

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

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

1. Refundable advances for proposed acquisition

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

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

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

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

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

1. Refundable advances for proposed acquisition (cont'd)

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

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

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

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

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

3. Property, plant and equipment

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

4. Investment in subsidiaries

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

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

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

5. Amounts due from subsidiaries

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

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

6. Appropriateness of the going concern assumption

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

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

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

31 Notice of compliance

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

a) the facts and circumstances surrounding the proposed acquisition of 45% of the issued and paid-up shares of First Linkage Inc. ("First Linkage") (the "Proposed Acquisition of First Linkage") for the purchase consideration of RMB90,000,000. This should include an assessment into the:- (i) payment of the refundable deposit by LottVision Internet Management Limited amounting to HK$91.4 million to Mr. Wang Xiaoxin in connection with the Proposed Acquisition of First Linkage; and (ii) recovery of the refundable deposit from Mr. Wang Xiaoxin;

b) the facts and circumstances surrounding the proposed acquisition of Xinjiang Zhongtong Internet Science and Technology Development Co., Ltd.; and

c) the facts and circumstances surrounding the advance payments of RMB26,810,000 to Chengdu Meili Tianyuan Agriculture Co. Ltd..

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

Proposed acquisition of First Linkage

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

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

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

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

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

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

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

31 Notice of compliance (cont'd)

Proposed settlement with Mr. Wang Xiaoxin

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

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

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

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

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

32 Events after the reporting period

(a) On 17 November 2021, the Company has incorporated a new wholly-owned subsidiary in Singapore, Global Agricapital (Singapore) Pte Ltd ("GAS"), with an initial issued and paid-up capital of S$100,000 to be wholly held by the Company's wholly-owned subsidiary, Global Agricapital Holdings Pte Ltd. The principal activities of GAS are wholesale of fruits and vegetables (including fresh and frozen) and other canning and preserving of fruits and fruit juices.

(b) On 5 April 2022, the Company has entered into a non-legally binding Memorandum of Understanding with Pharos Assets Management Pte Ltd ("Pharos") to set up a US$25 million durian sub-fund (the "Sub-Fund") under Pharos Global Multi-Strategy Fund VCC (the "VCC") to finance the Group's durian trading transactions.

Subject to the execution of a Collaboration Agreement, Pharos will set up and manage the Sub-Fund under the VCC while the Group will provide the trading dealflow and undertake a minimum annual return to the Sub-Fund. The Parties will work together to launch and seek investors to the Sub-Fund.

(c) On 23 April 2022 and 6 May 2022, the Company has entered into separate convertible bond agreements of principal amount totaling S$16,000,000 with 4 investors and S$5,000,000 with 1 investor respectively, to issue bonds in four equal tranches for the principal amount.

The key terms of the convertible bonds include:

- The bonds bear simple interest rate of 6.75% per annum on the principal amount of each tranche of bonds from the date of issue.
- The bonds mature 3 years from the issue date of each tranche of bonds.
- The conversion price is S$0.085 for each ordinary share.
- Early redemption at the option of the Company will convert 105% of the principal amount, together with all accrued and unpaid interest.
- Early redemption at the option of the bond holder will convert 100% of the principal amount, together with all accrued and unpaid interest.

(d) On 9 December 2022, the JM and the Company entered into a legally binding term sheet with Corpbond pursuant to which Corpbond will provide funding of up to S$1,000,000 to be used by the JM for the purposes as specified by Corpbond, including but not limited to, asset recovery of the Group.

On 30 January 2023, the Company entered into a loan agreement with Corpbond. Corpbond will extend a loan of up to a principal amount of S$1,000,000 to the Company for the purposes of asset recovery of the Group.

(e) As disclosed in Mr Niu Liming's 5th affidavit affirmed on 7 July 2023 in the matter of HC/OA 118/2022, Nutryfarm (Chengdu) Biomedicine Limited ("NFC") has been transferred to AGS Foods Canada Limited ("AGS") by Mr Chen Yao Ming, a former director, without due authorisation by the Company on 26 April 2023.

(f) On 15 July 2024, the Company and JM had entered into a restructuring agreement with Corpbond, to which all parties have agreed to facilitate the restructuring of the claims of the Company's creditors.

Subject to the terms and conditions set out in the restructuring agreement, it was agreed to effect the restructuring in the following manner:

- Each creditor shall receive a lump sum payment of 20% of each Creditor's Approved Claim (as defined in the Restructuring Agreement) in cash, rounded up to the nearest dollar (the "Cash Consideration") implemented and/or effected as set out in the restructuring agreement;

- On the settlement date:

(i) the Cash Consideration shall be paid by Corpbond to each creditor;
(ii) each creditor shall assign, novate and/or otherwise transfer its claim in full and unconditionally to the Corpbond; and
(iii) after the assignment, novation and/or transfer of its claim, each creditor shall have no further claims against the Company.

On 10 September 2024, the Company announced that the conditions precedent under the restructuring agreement were satisfied and payment of the Cash Consideration to the participating creditors was made on 29 August 2024.

32 Events after the reporting period (cont'd)

(g) On 12 September 2024, the Company's wholly-owned subsidiary, Global Agricapital (Singapore) Pte Ltd changed its name to AI Nova Pte. Ltd. ("AI Nova") and changed its principal activities to technical testing and analysis services (including certification of products and services) and wholesale trade of a variety of goods without a dominant product.

(h) On 10 October 2024, the Company had entered into a loan agreement with the investor for the provision of an interest-free loan of S$5,000,000, repayable on the date falling five (5) years from the disbursement date and may be extended for a further period, if both parties mutually agreed to such extensions in writing.

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

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

(i) On 25 October 2024, AI Nova received an amount of S$1,500,000 from the Company for capital injection through the issuance and allotment of 1,500,000 ordinary shares in AI Nova at an issue price of S$1.00 per ordinary share.

33 Contingent liabilities

On 27 May 2022, the Company announced that the Company received two Settlement Agreements from the Finance Manager of Global Agricapital Thailand Co Ltd ("GAT") to compensate the customers amounting to RMB334,000,000. The Settlement Agreements were agreed on behalf of GAT by Cheng Meng, ex-director and Chief Executive Officer of the Company. Cheng Meng was also the ex-director of GAT. Prior to the receipt of the Settlement Agreements by the Company from the Finance Manager of GAT, the Company including its management and Board of Directors, were never informed nor consulted of such negotiations or discussions with the customers, and there were neither any information, notifications nor indications that the Settlement Agreements including the terms therein, were contemplated and agreed. As far as the Board of Directors was aware, based on the purchase agreements with the customers as announced on 29 January 2021 and 21 June 2021, the purchase agreements provide for an estimated quantity in terms of number of containers that the customers are expected to procure together with an estimated value for the purchase agreements which was only determined and agreed at the time when the customers places their orders in batches. Whilst the purchase agreements provided for GAT to ensure the quantity of shipments from the delivery origin (including quality at delivery origin and during transportation), there were no commitments or requirements on minimum quantity and/or delivery by GAT and no compensation clauses. The Company had conducted an investigation to determine if there were any other purchase agreements that the Company was not aware of, as well as the veracity and authenticity of the Settlement Agreements, including whether Cheng Meng had willfully withheld such information from the Board of Directors and executed such agreements without the Board of Directors' approval. No other such agreements were identified during the investigation.

As announced on 13 February 2022, Cheng Meng's appointment as CEO ceased on 11 February 2022 and he was re-designated as Executive Director to manage the Thailand Durian Business. Subsequently, as announced on 2 April 2022, Cheng Meng ceased to be an Executive Director of the Company but remained as Director of GAT and was responsible for the Thailand operations of the Group's durians and fruit trading business, including to supervise and manage the Thailand finance team on GAT's financial reporting and audit obligations.

As at the date of the authorisation of the financial statements, no compensation claims have been filed against the Company. Therefore, no provision for any liability has been made in these financial statements.

34 Authorisation of financial statements

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 September 2021 have been approved by the Judicial Manager and authorised for issue via a resolution dated 25 February 2025.

Statistics of Shareholdings

As at 3 April 2025

Authorised share capital: HK$13,742,000
Issued and fully paid up HK$13,742,000
Class of shares: Ordinary
Voting rights: One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	307	6.65	14,806	0.01
100 - 1,000	2,490	53.91	1,082,663	0.79
1,001 - 10,000	1,288	27.88	4,530,649	3.30
10,001 - 1,000,000	516	11.17	42,168,766	30.68
1,000,001 AND ABOVE	18	0.39	89,625,219	65.22
TOTAL	**4,619**	**100.00**	**137,422,103**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	JIA LIJIE	21,687,500	15.78
2	CHENG MENG	13,300,000	9.68
3	TIANCI INTERNATIONAL PRIVATE LIMITED	10,000,000	7.28
4	PHILLIP SECURITIES PTE LTD	6,570,424	4.78
5	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,447,752	3.96
6	OAPT (WU YONGQIANG - B1536/2023)	5,230,000	3.81
7	DBS NOMINEES (PRIVATE) LIMITED	4,234,300	3.08
8	CITIBANK NOMINEES SINGAPORE PTE LTD	3,583,743	2.61
9	IFAST FINANCIAL PTE. LTD.	2,844,700	2.07
10	LIM BEE LI (LIN MEILI)	2,798,100	2.04
11	DAVID WU DEWEI	2,671,400	1.94
12	LIM HEAN NERNG	2,522,700	1.84
13	GAO HUAZHU	2,216,600	1.61
14	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	1,722,500	1.25
15	LIAO XIAOYAN	1,465,400	1.07
16	LIM CHIN HOE	1,168,200	0.85
17	LIM BOK HOO	1,102,000	0.80
18	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,059,900	0.77
19	ANG POH GUAN	972,200	0.71
20	WU JIANSHENG	856,300	0.62
	TOTAL	**91,453,719**	**66.55**

Statistics of Shareholdings

As at 3 April 2025

Substantial Shareholders (as recorded in the Register of Substantial Shareholders) as at 3 April 2025.

	Direct interest number of shares	%	Deemed interest number of shares	%	Total number of shares	%
Cheng Meng	13,300,000	9.68	-	-	13,300,000	9.68
Niu Liming	360,000	0.26	-	-	360,000	0.26

As at 3 April 2025, approximately 90.06% of the shareholding in the Company was held in the hands of the public (on the basis of the information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2021 annual general meeting of NUTRYFARM INTERNATIONAL LIMITED (Under Judicial Management) (the "**Company**") will be held at 135 Cecil Street, #07-00, Philippine Airlines Building, Singapore 069536 on Wednesday, 7 May 2025 at 11.00 a.m. (Singapore time) and any adjournment thereof (the "**Annual General Meeting**") for the following purposes:

AS ORDINARY BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

1. To receive and adopt the Judicial Manager's Statement and audited financial statements of the Company for the financial period ended 30 September 2021 together with the auditor's report thereon.
   (Resolution 1)

2. To appoint Nexia Singapore PAC ("**Nexia**") as the Company's auditor, to hold office until the close of the next annual general meeting of the Company, at a fee to be agreed between the Judicial Manager and Nexia.
   (Resolution 2)

3. To transact any other ordinary business which may properly be transacted at an annual general meeting.

Ellyn Tan Huixian
Judicial Manager
15 April 2025

Important notes:

1. The 2021 Annual General Meeting will be held in a wholly physical format at 135 Cecil Street, #07-00, Philippine Airlines Building, Singapore 069536 on Wednesday, 7 May 2025 at 11.00 a.m. (Singapore time). **There will be no option for the members to participate virtually**. Shareholders, including CPFIS and SRS investors who hold SGX shares through CPF Agent Banks or SRS Operators, and (where applicable) duly appointed proxies and representatives will be able to ask questions and vote at the 2021 Annual General Meeting by attending the physical meeting.

   Printed copies of this notice and the accompanying proxy form will be sent by post to members. These documents have also been made available on SGX website at the URL https://www.sgx.com/securities/company-announcements ("**SGXNet**").

2. Submission of Questions: Members who have any substantial and relevant questions in relation to any agenda item of this notice must submit their questions in writing to the Company in advance in the following manner:

   a) If submitted by post, be lodged at the office of Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   b) if submitted electronically, be submitted via email to the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at srs.proxy@boardroomlimited.com

   in either case, by the registration deadline, 21 April 2025, 5.00 p.m.

   Shareholders, including CPFIS Investors and SRS Investors, who submit questions via e-mail or by post to the Company's Share Transfer Agent must provide the following information:

   (a) the Shareholder's full name;
   (b) the Shareholder's full address; and
   (c) the manner in which the Shareholder holds shares in NUTRYFARM INTERNATIONAL LIMITED (Under Judicial Management) (e.g. via CPFIS or SRS).

   The Company will endeavour to upload the Company's responses to substantial and relevant questions from members on the SGXNet website by 25 April 2025.

3. Submission of Proxy Forms: Relevant Proxy Form(s) must be submitted to the Company in the following manner:

   a) If submitted by post, be lodged at the office of Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   b) if submitted electronically, be submitted via email to the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at srs.proxy@boardroomlimited.com

   in either case, by the registration deadline, 5 May 2025, 11.00 a.m.

4. A Depositor who is not an individual can only be represented at the Annual General Meeting if its nominee is/are appointed as CDP's proxy/proxies. To appoint its nominee/nominees as proxy/proxies of CDP and to enable its nominee/nominees to attend and vote at the Annual General Meeting, such Depositor should complete, execute and deposit the Depositor Proxy Form in accordance with the instructions at the Annual General Meeting.

5. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its corporate representative at the Annual General Meeting.

6. To be valid, the Shareholder Proxy Form or the Depositor Proxy Form, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the office of Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or at any adjournment thereof. Detailed instructions can be found on the Shareholder Proxy Form and Depositor Proxy Form.

7. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Shareholder of the Company (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.