



(Registration No: EC 32308)

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

Financial statements on combined results of the Group for the year end of Q3FY2017 as at 31 December 2016.
These figures have not been audited.

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

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

NUTRYFARM INTERNATIONAL LIMITED
Group Income Statement
For the Quarter Ended 31 December 2016
(Expressed in Hong Kong thousand dollars)

	Three Months Ended 31.12			Nine Months Ended 31.12		
	FY2017	FY2016	Change	FY2017	FY2016	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue	19,601	20,097	(2)	60,491	66,194	(9)
Cost of sales	(8,726)	(8,294)	5	(26,542)	(26,553)	(0)
Gross profit	10,875	11,803	(8)	33,949	39,641	(14)
Other expenses	(105)	(1)	351,400	(316)	250	NM
Distribution expenses	(3,515)	(3,820)	17	(14,333)	(14,454)	(1)
Administrative expenses	(4,459)	(3,406)	31	(13,929)	(11,757)	18
Finance costs	(307)	(334)	(8)	(855)	(1,021)	(16)
Profit before income tax	2,489	4,242	(41)	4,516	12,659	(64)
Income tax expense	(412)	(691)	(40)	(1,204)	(2,266)	(47)
Profit for the quarter/period	2,077	3,551	(42)	3,312	10,393	(68)
(Loss)/profit attributable to:						
Equity holders of the Company	1,222	1,790	(32)	(372)	4,615	NM
Non-controlling interest	855	1,761	(51)	3,684	5,778	(36)
Profit for the quarter/period	2,077	3,551	(42)	3,312	10,393	(68)

NM - Not meaningful

1(a) A consolidated comprehensive income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

NUTRYFARM INTERNATIONAL LIMITED

Group Income Statement

For the Quarter Ended 31 December 2016

(Expressed in Hong Kong thousand dollars)

	Three Months Ended 31.12			Nine Months Ended 31.12		
	FY2017	FY2016	Change	FY2017	FY2016	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Profit for the quarter/period	2,077	3,551	(42)	3,312	10,393	(68)
Other comprehensive (loss)/income						
Items that are or may be reclassified subsequently to profit or loss:						
Currency translation differences arising on consolidation, net of tax	(1,894)	60	NM	(3,035)	123	NM
Total comprehensive (loss)/income for the quarter/period	183	3,611	(95)	277	10,516	(97)
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(672)	1,850	NM	(3,407)	4,738	NM
Non-controlling interest	855	1,761	(51)	3,684	5,778	(36)
Total comprehensive (loss)/income for the quarter/period	183	3,611	(95)	277	10,516	(97)

NM - Not meaningful

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

NUTRYFARM INTERNATIONAL LIMITED
Balance Sheet
as at 31 December 2016
(Expressed in Hong Kong thousand dollars)

	The Group		The Company	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	As at 31/12/2016	As at 31/03/2016	As at 31/12/2016	As at 31/03/2016
Non-current assets				
Interests in subsidiaries	-	-	65,209	65,209
Property, plant and equipment	40,940	42,935	-	-
Intangible assets	44,315	46,575	-	-
Non-current prepayments	1,103	1,186	-	-
Land use right	5,060	6,145	-	-
	91,418	96,841	65,209	65,209
Current assets				
Inventories	19,623	22,055	-	-
Trade receivables	38,380	39,069	-	-
Prepayments, deposits and other receivables	77,465	79,527	-	-
Amounts due from subsidiaries	-	-	36,082	36,082
Cash and cash equivalents	22,837	18,572	251	42
	158,305	159,223	36,333	36,124
Current liabilities				
Trade and other payables	27,373	27,884	7,814	4,306
Short term loans	19,872	21,361	-	-
Amount due to subsidiary	-	-	2,835	2,835
Tax payable	388	393	-	-
	47,633	49,638	10,649	7,141
Net current assets/(liabilities)	110,672	109,585	25,684	28,983
Non-current liabilities				
Dividend payable	62,899	67,611	-	-
Net assets	139,191	138,815	90,893	94,192
Equity				
Capital and reserves attributable to equity shareholders of the Company				
Share capital	6,428	6,428	6,428	6,428
Reserves	95,545	98,854	84,465	87,764
Total equity attributable to equity holders of the Company	101,973	105,282	90,893	94,192
Non-controlling interest	37,218	33,533	-	-
Total equity	139,191	138,815	90,893	94,192

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2016 In HK\$'000		As at 31/03/2016 In HK\$'000	
Secured	Unsecured	Secured	Unsecured
19,872	-	21,361	-

Amount repayable after one year

As at 31/12/2016 In HK\$'000		As at 31/03/2016 In HK\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Not Applicable

Details of collaterals

The borrowings of HK\$19.9 million as at 31 December 2016 is secured by the 34,165 square meters land use right and building of NutryFarm (Chengdu) Biomedicine Limited ("NFC"), a 55% interest held subsidiary.

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

NUTRYFARM INTERNATIONAL LIMITED
Group Cash Flow Statement
For the Quarter Ended 31 December 2016
(Expressed in Hong Kong thousand dollars)

	Three Months Ended 31.12		Nine Months Ended 31.12	
	FY2017 HK\$'000	FY2016 HK\$'000	FY2017 HK\$'000	FY2016 HK\$'000
Cash flows from operating activities				
Profit before taxation	2,489	4,242	4,516	12,659
Adjustments for:				
Interest income	(52)	-	(153)	-
Finance costs	83	-	578	-
Amortisation of land use rights	792	-	1,085	-
Amortisation of intangible assets	820	1,035	2,260	3,328
Depreciation of property, plant and equipment	685	311	1,995	901
Operating cash flows before changes in working capital	4,817	5,588	10,281	16,888
Changes in operating assets and liabilities				
Decrease in inventories	(804)	(1,740)	2,432	-
Decrease/(increase) in trade receivables	(1,080)	2,537	(2,027)	735
Decrease/(Increase) in prepayments, deposits and other receivables	(343)	(3,571)	1,342	(4,545)
Decrease in trade and other payables	856	(130)	(1,511)	(8,129)
Cash generated from operations	3,446	2,684	10,517	4,949
Income tax paid	(518)	(898)	(1,199)	(1,660)
Net cash flows from operating activities	2,928	1,786	9,318	3,289
Cash flows from investing activities				
Advance to customers and suppliers	(531)	(1,258)	(1,766)	(7,737)
Net cash used in investing activities	(531)	(1,258)	(1,766)	(7,737)
Cash flows from financing activities				
Proceeds from issuance of new shares	-	-	-	36,371
Repayment of short-term loans	(1,489)	(214)	(1,489)	(3,764)
Net cash generated from/(used in) financing activities	(1,489)	(214)	(1,489)	32,607
Net increase in cash and cash equivalents	908	314	6,063	28,159
Cash and cash equivalents at beginning of the quarter/period	23,084	67,028	18,572	39,081
Effect of foreign exchange rate changes	(1,155)	21	(1,798)	123
Cash and cash equivalents at end of the quarter/period	22,837	67,363	22,837	67,363

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Share Capital HK\$'000	Share Premium HK\$'000	Translation Reserve HK\$'000	Accumulated Losses HK\$'000	Total HK\$'000	Non-controlling interest HK\$'000	Total equity HK\$'000
At 1 April 2016	6,428	420,556	(4,431)	(317,271)	105,282	33,533	138,815
Other comprehensive loss for the quarter, net of tax:							
- Currency translation differences	-	-	(1,757)	-	(1,757)	-	(1,757)
Loss for the quarter	-	-	-	(503)	(503)	1,738	1,235
At 30 June 2016	6,428	420,556	(6,188)	(317,774)	103,022	35,271	138,293
Other comprehensive loss for the quarter, net of tax:							
- Currency translation differences	-	-	616	-	616	-	616
Profit for the quarter	-	-	-	99	99	1,091	1,190
At 30 September 2016	6,428	420,556	(5,572)	(317,675)	103,737	36,362	140,099
Other comprehensive loss for the quarter, net of tax:							
- Currency translation differences	-	-	(1,894)	-	(1,894)	-	(1,894)
Profit for the quarter	-	-	-	131	131	855	986
At 31 December 2016	6,428	420,556	(7,466)	(317,544)	101,974	37,217	139,191

The Group	Share Capital HK\$'000	Share Premium HK\$'000	Translation Reserve HK\$'000	Accumulated Losses HK\$'000	Total HK\$'000	Non-controlling interest HK\$'000	Total equity HK\$'000
At 1 April 2015	123,988	268,107	2,034	(314,940)	79,189	30,760	109,949
Share consolidation	(119,560)	119,560	-	-	-	-	-
Issuance of shares	2,000	34,371	-	-	36,371	-	36,371
Other comprehensive loss for the quarter, net of tax:							
- Currency translation differences	-	-	(1,190)	-	(1,190)	-	(1,190)
Profit for the quarter	-	-	-	2,308	2,308	2,742	5,050
At 30 June 2015	6,428	422,038	844	(312,632)	116,678	33,502	150,180
Currency translation difference	-	-	175	-	175	-	175
Other comprehensive income/(loss) for the quarter	-	-	(282)	-	(282)	-	(282)
Profit for the quarter	-	-	-	478	478	1,275	1,753
At 30 September 2015	6,428	422,038	737	(312,154)	117,049	34,777	151,826
Currency translation difference	-	-	(797)	-	(797)	-	(797)
Other comprehensive income/(loss) for the quarter	-	-	60	-	60	-	60
Net profit for the quarter	-	-	-	1,790	1,790	1,761	3,551
At 31 December 2015	6,428	422,038	-	(310,364)	118,102	36,538	154,640

The Company	Share Capital HK\$'000	Share Premium HK\$'000	Accumulated Losses HK\$'000	Total HK\$'000
At 1 April 2016	6,428	419,331	(331,567)	94,192
Loss for the quarter	-	-	(1,200)	(1,200)
At 30 June 2016	6,428	419,331	(332,767)	92,992
Loss for the quarter	-	-	(898)	(898)
At 30 September 2016	6,428	419,331	(333,665)	92,094
Loss for the quarter	-	-	(1,201)	(1,201)
At 31 December 2016	6,428	419,331	(334,866)	90,893

The Company	Share Capital HK\$'000	Share Premium HK\$'000	Accumulated Losses HK\$'000	Total HK\$'000
At 1 April 2015	123,988	268,107	(326,765)	65,330
Share consolidation	(119,560)	119,560	-	-
Issuance of shares	2,000	34,371	-	36,371
Loss for the quarter	-	-	(682)	(682)
At 30 June 2015	6,428	422,038	(327,447)	101,019
Loss for the quarter	-	-	(681)	(681)
At 30 September 2015	6,428	422,038	(328,128)	100,338
Loss for the quarter	-	-	(580)	(580)
At 31 December 2015	6,428	422,038	(328,708)	99,758

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisitions or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of treasury shares, if any, against the number of issued shares excluding treasury shares of the company, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During Q3FY2017, share capital of the Group has no change. The Company has no outstanding convertibles.

During Q1FY2016, the Group made share consolidation on 8 June 2015 to consolidate every 40 shares into one new share and to change par value from HK\$0.07 to HK\$0.10. As a result, the Company has 44,281,402 shares after the consolidation. In addition, on 24 June 2015, the Company completed a share placement to issue 20,000,000 and the Company has 64,281,402 outstanding shares after share placement. During Q3FY2016, share capital of the Group has no change. The Company has no outstanding convertibles.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at 31 December 2016 was 64,281,402 (31 March 2016: 64,281,402). As at 31 March 2016 and 31 December 2016, there were no treasury shares outstanding.

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

Not applicable.

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

The figures have not been audited nor reviewed.

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

Not applicable.

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

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

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Company has no changes in the accounting policies and methods of computation.

6. **Earnings/ (loss) per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Q3FY2017	Q3FY2016
	HK cents	HK cents
(a) Based on the weighted average number of ordinary shares in issue; and	2.00	3.08
(b) On a fully diluted basis	2.00	3.08

Note 6(a) : For Q3FY2017, the calculation of basic profit per share was based on profit attributable to equity holders of the Company of HK\$1,222,000 and the weighted average of 64,281,402 ordinary shares in issue.

For Q3FY2016, the calculation of basic profit per share was based on profit attributable to equity holders of the Company of HK\$1,790,000 and the weighted average of 58,059,180 ordinary shares in issue.

Note 6(b) : Fully diluted profit/(loss) per share for Q3FY2017 and Q3FY2016 are the same as profit/(loss) per share based on weighted average number of ordinary shares since there was no potential dilutive ordinary shares outstanding during Q3FY2017 and Q3FY2016.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	As at 31/12/2016	As at 31/03/2016
	HK\$	HK\$
<u>The Company</u>		
Net asset value per ordinary share based on existing issued share capital	1.41	1.56
<u>The Group</u>		
Net asset value per ordinary share based on existing issued share capital	2.17	2.16

The calculation of net asset value per share of the Company is based on the Company's net asset value of HK\$90,894,000 (at 31 March 2016: HK\$94,192,000) and 64,281,402 ordinary shares in issue at 31 December 2016 (at 31 March 2016: 64,281,402).

The calculation of net asset value per share of the Group is based on the Group's net asset value of HK\$139,191,000 (at 31 March 2016: HK\$138,815,000) and 64,281,402 ordinary shares in issue at 31 December 2016 (at 31 March 2016: 64,281,402).

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group.

Income statement

Revenue

In Q3FY2017, the Group recorded revenue of approximately HK\$19.6 million comparing with HK\$20.1 million in Q3FY2016. Majority of the revenue was generated by the Group's 55% interest in NFC. Gross margin of the Group maintained as 55.5% comparing 58.7% for Q3FY2016. It has no material fluctuation of revenue and gross margin of the Group between Q3FY2017 and Q3FY2016.

Operating expenses

In Q3FY2017, the Group reported distribution expenses of approximately HK\$3.5 million as compared to HK\$3.8 million in Q3FY2016; administrative expenses of approximately HK\$4.5 million in Q3FY2017 as compared to approximately HK\$3.4 million in Q3FY2016.

The HK\$1.1 million increase of administration expenses in Q3FY2017 is mainly because the increase of research and development expenses. The Group's distribution expenses have no material fluctuation comparing with Q3FY2016.

Finance costs

The Group recorded HK\$0.3 million finance cost in Q3FY2017. It mainly represents the interest paid for the Group's bank loan.

Income tax expense

The Group recorded HK\$0.4 million of income tax expense in Q3FY2017, which represents the income tax charged to NFC due to the operating profit generated in the PRC.

Net profit/ (loss) attributable to shareholders

Overall, the Group recorded a net profit attributable to shareholders of approximately HK\$1.2 million in Q3FY2017 compared to a net profit of approximately HK\$1.8 million in Q3FY2016.

Balance sheet

Intangible assets

Intangible assets decreased by HK\$2.3 million from HK\$46.6 million as at 31 March 2016 to HK\$44.3 million as at 31 December 2016. The decrease of HK\$2.3 million is due to amortisation of intangible assets charged in FY2017.

Intangible assets of HK\$44.3 million as at 31 December 2016 included HK\$42.2 million of goodwill arising from the acquisition of NFC and HK\$2.1 million intangible assets related to customer relationship, software and technology held by the Group.

Non-current prepayments

The Group recorded HK\$1.1 million non-current prepayments as at 31 December 2016. This mainly represents the prepayment to acquire new licenses to launch more products by NFC.

Land use right

The Group recorded HK\$5.1 million for land use right as at 31 December 2016. This is held by NFC for its factory and office areas.

Inventories

The Group recorded HK\$19.6 million inventories as at 31 December 2016, which is HK\$2.4 million decrease comparing HK\$22.1 million as at 31 March 2016. This mainly represents the finished goods, working in progress and raw materials held by NFC.

Trade receivables

The Group recorded HK\$38.4 million trade receivables as at 31 December 2016, which mainly attributed from NFC. It has no significant fluctuation comparing with HK\$39.1 million as at 31 March 2016.

Prepayments, deposits and other receivables

The Group recorded HK\$77.5 million prepayments, deposits and other receivables as at 31 December 2016, which has no significant fluctuation comparing with HK\$79.5 million as at 31 March 2016. It mainly represents the prepayment to acquire 45% remaining interests of NFC.

Trade and other payables

Trade and other payables are amounted to HK\$27.4 million as at 31 December 2016 as compared to HK\$27.9 million as at 31 March 2016. The HK\$0.5 million decrease is mainly due to the settlement to the Group's suppliers.

Short term loans

The Group recorded HK\$19.9 million short term loans as at 31 December 2016. This loan is secured by land use right and office areas held by NFC.

Dividend payable

HK\$62.6 million dividend payable as at 31 December 2016 represents the payable to the vendor of NFC for the accumulated profits of NFC. The payable will not be settled within 10 years from the acquisition date. The Special General Meeting of the Company was held on 24 June 2016 to approve the Company to acquire remaining 45% interest of NFC. According to the Sales and Purchase Agreement, this dividend payable will be waived under this transaction. Since the transaction has not been completed yet, the Company recorded this dividend in Q3FY2017.

Cash Flow Statement

The Group recorded a net cash inflow of HK\$2.9 million from operating activities in Q3FY2017 as compared to a net cash inflow of HK\$1.8 million in Q3FY2016 mainly due to collection of trade and other receivables and decrease of inventory level.

The Group recorded a net cash outflow of HK\$0.5 million from investing activities in Q3FY2017. It is mainly due to HK\$0.5 million advance to a business partner incurred in Q3FY2017.

The Group recorded a net cash outflow of HK\$1.5 million from financing activities in Q3FY2017 as compared to a net cash outflow of HK\$0.2 million in Q3FY2016 for the repayment of bank loan.

As at 31 December 2016, the Group remained in a cash balance position of HK\$22.8 million.

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

Not applicable.

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

In Q3FY2017, the Group's 55% interests owned subsidiary-NFC's revenue reported as HK\$19.6 million and remained no significant fluctuation comparing Q3FY2016. In this quarter, foods supplement market in China. The target of NFC is to maintain current customers and distribution channels as well as stable products.

The NFC input more resources to research and development for joint, heart, liver and slim nutrition products. To diversify products, NFC is going to seek oversea business partner for weight reducing products as well.

As a result, NFC succeeded to achieve two major licenses for foods supplement and applied three more licenses for nutrition which are expected to be approved in the year of 2017.

NFC now launched some advertisement in local media such as district TV and newspapers for individual products and received positive feedback. This will be one of the major future marketing strategies of NFC.

11. Dividend

(a) Current financial period reported on.

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial year.

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

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

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

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

- 14. Negative assurance confirmation on interim financial results under Rule 705(5):**

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

- 15. Confirmation pursuant to Rule 720(1)**

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

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

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

By Order of the Board

Gao Xiang Nong, Paul
Executive director

10 February 2017