



THIS QUARTERLY REPORT ANNOUNCEMENT IS MANDATORY AND MADE PURSUANT TO THE REQUIREMENTS OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

(Registration No: EC 32308)

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

Financial statements on combined results of NutryFarm International Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the first quarter ended 31 December 2020 (“Q1FY2021”). These figures have not been audited.

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

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

NUTRYFARM INTERNATIONAL LIMITED
Group Income Statement
For the Quarter Ended 31 December 2020
(Expressed in Hong Kong thousand dollars)

	Three Months Ended		
	31 December 2020	31 December 2019	Change
	HK\$'000	HK\$'000	%
Revenue	14,691	13,081	12
Cost of sales	(9,310)	(7,958)	17
Gross profit	5,381	5,123	5
Other expenses	(234)	174	NM
Distribution expenses	(912)	(1,224)	(25)
Administrative expenses	(3,487)	(5,509)	(37)
Finance costs	(1,953)	(1,916)	2
Loss before income tax	(1,205)	(3,352)	(64)
Income tax credit	247	208	19
Loss for the period	(958)	(3,144)	(70)
Loss attributable to:			
Equity holders of the Company	(958)	(3,144)	(70)
Non-controlling interest	-	-	NM
Loss for the period	(958)	(3,144)	(70)

NM - Not meaningful

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

NUTRYFARM INTERNATIONAL LIMITED
Group Comprehensive Income Statement
For the Quarter Ended 31 December 2020
(Expressed in Hong Kong thousand dollars)

	Three Months Ended		
	31 December 2020	31 December 2019	Change
	HK\$'000	HK\$'000	%
Loss for the period	(958)	(3,144)	(70)
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	(57)	(781)	(93)
Total comprehensive (loss)/income for the period	(1,015)	(3,925)	(74)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	(1,015)	(3,925)	(74)
Non-controlling interest	-	-	NM
Total comprehensive (loss)/income for the period	(1,015)	(3,925)	(74)

NM - Not meaningful

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

NUTRYFARM INTERNATIONAL LIMITED
Balance Sheet
as at 31 December 2020
(Expressed in Hong Kong thousand dollars)

	The Group		The Company	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	As at 31/12/2020	As at 30/09/2020	As at 31/12/2020	As at 30/09/2020
Non-current assets				
Investment in subsidiaries	-	-	61,132	61,132
Property, plant and equipment	46,313	46,582	-	-
Intangible assets	1,100	567	-	-
Other receivables	1,201	1,153	-	-
Deferred tax assets	-	-	-	-
Land use right	-	-	-	-
	48,614	48,302	61,132	61,132
Current assets				
Inventories	8,300	8,008	-	-
Trade receivables	13,466	7,371	-	-
Prepayments, deposits and other receivables	114,724	112,442	133	133
Amounts due from subsidiaries	-	-	139,467	138,867
Tax recoverable	-	-	-	-
Cash and cash equivalents	6,663	8,689	186	256
	143,153	136,510	139,786	139,256
Current liabilities				
Trade and other payables	33,156	36,817	18,652	20,061
Contract liabilities	3,615	2,027	-	-
Short term loans	58,757	55,068	43,130	39,972
Amount due to subsidiaries	-	-	70,871	70,871
Tax payable	-	-	-	-
Obligations under a finance lease	-	-	-	-
	95,528	93,912	132,653	130,904
Net current assets/(liabilities)	47,625	42,598	7,133	8,352
Non-current liabilities				
Long term loans	85,503	83,545	85,503	83,545
	85,503	83,545	85,503	83,545
Net assets	10,736	7,355	(17,238)	(14,061)
Equity				
Capital and reserves attributable to equity shareholders of the Company				
Share capital	11,542	9,642	11,542	9,642
Reserves	(806)	(2,287)	(28,780)	(23,703)
Total equity attributable to equity holders of the Company	10,736	7,355	(17,238)	(14,061)
Total equity	10,736	7,355	(17,238)	(14,061)

1(b)(ii) Aggregate amount of Group's borrowings and debt securities as at the end of the current financial period reported on (Q5FY2020) with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand, and whether the said amount is secured or unsecured.

As at 31/12/2020		As at 30/09/2020	
In HK\$'000		In HK\$'000	
Secured	Unsecured	Secured	Unsecured
15,627	43,130	15,007	40,061

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

As at 31/12/2020		As at 30/09/2020	
In HK\$'000		In HK\$'000	
Secured	Unsecured	Secured	Unsecured
-	85,503	-	83,545

Details of Collaterals

In the short term borrowings, HK\$15.6 million as at 31 December 2020 was secured by the 34,165 square meters land use right and building of NutryFarm (Chengdu) Biomedicine Limited (“NFC”).

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

NUTRYFARM INTERNATIONAL LIMITED
Group Cash Flow Statement
For the Quarter Ended 31 December 2020
(Expressed in Hong Kong thousand dollars)

	1 October -31 December 2020 HK\$'000	1 October -31 December 2019 HK\$'000
Cash flows from operating activities		
Loss before tax	(1,205)	(3,352)
Adjustments for:		
Amortisation of land use rights	-	230
Depreciation of property, plant and equipment	269	553
Interest income	-	(149)
Interest expenses	1,953	3,736
Inventories written down	235	-
Operating cash flows before changes in working capital	1,252	1,018
Changes in operating assets and liabilities		
(Increase)/decrease of inventories	(527)	9,229
(Increase)/decrease of trade and other receivables	(2,531)	(9,723)
Decrease/(increase) of trade and other payables	(2,073)	(6,080)
Cash (used in)/generated in from operations	(3,879)	(5,556)
Income tax paid	-	678
Net cash flows (used in)/generated from operating activities	(3,879)	(4,878)
Cash flows from investing activities		
Interest received	-	270
Purchase of intangible assets	(533)	-
Refund for the proposed acquisition of an associated company	-	2,820
Net cash generated/(used) in investing activities	(533)	3,090
Cash flows from financing activities		
Interest paid	(1,953)	(3,659)
Proceeds from share issuance	4,396	-
Net cash (used in)/generated from financing activities	2,443	(3,659)
Net (decrease)/increase in cash and cash equivalents	(1,969)	(5,447)
Cash and cash equivalents at beginning of the period	8,689	12,459
Effect of foreign exchange rate changes	(57)	(783)
Cash and cash equivalents at end of the period	6,663	6,229

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

The Group	Share Capital	Share Premium	Contributed Surplus Reserve	Fair Value Reserve	Translation Reserve	Accumulated Losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2020	9,642	315,301	119,560	(45,505)	(7,531)	(384,112)	7,355
Share issuance	1,900	2,496	-	-	-	-	4,396
Other comprehensive loss for the period, net of tax:							
- Currency translation differences	-	-	-	-	(57)	-	(57)
Loss for the period	-	-	-	-	-	(958)	(958)
At 31 December 2020	11,542	317,797	119,560	(45,505)	(7,588)	(385,070)	10,736

The Group	Share Capital	Share Premium	Contributed Surplus Reserve	Fair Value Reserve	Translation Reserve	Accumulated Losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2019	9,642	315,301	119,560	(45,505)	(13,377)	(342,038)	43,583
Other comprehensive loss for the period, net of tax:							
- Currency translation differences	-	-	-	-	(781)	-	(781)
Loss for the period	-	-	-	-	-	(3,144)	(3,144)
At 31 December 2019	9,642	315,301	119,560	(45,505)	(14,158)	(345,182)	39,658

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

The Company	Share Capital	Share Premium	Contributed Surplus Reserve	Translation Reserve	Accumulated Losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2020	9,642	315,301	119,560	(5,214)	(453,350)	(14,061)
Share issuance	1,900	2,496	-	-	-	4,396
Other comprehensive loss for the period, net of tax:						
- Currency translation differences	-	-	-	(5,116)	-	(5,116)
Loss for the period	-	-	-	-	(2,457)	(2,457)
At 31 December 2020	11,542	317,797	119,560	(10,330)	(455,807)	(17,238)

The Company	Share Capital	Share Premium	Contributed Surplus Reserve	Translation Reserve	Accumulated Losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2019	9,642	315,301	119,560	(4,145)	(420,114)	20,244
Other comprehensive loss for the period, net of tax:						
- Currency translation differences	-	-	-	-	-	-
Loss for the year	-	-	-	-	(4,203)	(4,203)
At 31 December 2019	9,642	315,301	119,560	(4,145)	(424,317)	16,041

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

The Company announced a share placement on 25 September 2020 which has subsequently been completed on 17 November 2020 to issue and allot 19,000,000 ordinary shares. Accordingly the share capital of the Company increased by HK\$1,900,000 to HK\$11,542,211.

The Company did not have treasury shares or subsidiary holdings as at 31 December 2020 and 30 September 2020 respectively.

- 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 2020 was 115,422,103 (30 September 2020: 96,422,103). As at 31 December 2020 and 30 September 2020, there were no treasury shares outstanding.

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

Not applicable.

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

Not applicable.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

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

With reference to the audited financial statements for the financial period ended 30 September 2020 (“FY2020”), the Company’s independent auditors, Baker Tilly TFW LLP, has issued a “disclaimer opinion” on the basis of the following six issues.

(1) Refundable advances for proposed acquisition

With regards to the refundable advances, HK\$0.98 million had been refunded by Mr. Xiaoxin Wang in January 2021. Mr. Xiaoxin Wang and First Linkage Inc. have also agreed to continue to refund the outstanding refundable advances. The Company will try efforts to ensure Mr. Xiaoxin Wang will refund as scheduled.

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

Until 31 January 2021, a total amount of approximately HK\$25,070,000 has been subsequently settled by the suppliers, third parties and a related party which represented approximately 56.22% of HK\$44,587,000 outstanding as at 31 December 2020. The Group kept positive business with these suppliers, third parties and the related party in Q1FY2021. The Company believes that the impairment has been properly recognized and the amount of net carrying amounts of the Group’s advances was fairly presented.

(3) Property, plant and equipment

The Company is in the final negotiation with Mr. Xiaoxin Wang to sell the internet related hardware and software to him or his designated parties at fair market value. The Company believes the amount of property, plant and equipment has been fairly presented in the Company’s financial position.

(4) Investment in subsidiaries

This investment in subsidiaries is related to NFC. It was only presented on the Company’s level and had been eliminated in the Group level. It had no financial impact whatsoever on the Group’s consolidated balance sheet and statement of profit or loss. Because of note 2 of the basis for disclaimer of opinion, the independent auditor issued this note as one of the basis for disclaimer of opinion.

(5) Amounts due from subsidiaries

Similarly to note 4, the amounts due from subsidiaries were only reflected in the Company level and had been eliminated in the Group level. It had no financial impact whatsoever on the consolidated balance sheet and statement of profit or loss. Because of note 1 of the basis for disclaimer of opinion,

the independent auditor issued this note as one of the basis for disclaimer opinion. The Board is of the view that the amounts due from subsidiaries are fairly presented.

(6) Appropriateness of the going concern assumption

In relation to the Disclaimer Opinion, the Board is of the opinion that the continuing use of the going concern assumptions in the preparation of the Financial Statements is appropriate having regard to the following:

1) On 22 September 2020, the Company announced a share placement to issue 19,000,000 ordinary shares and raised SGD760,000 proceeds. The share placement was completed on 17 November 2020.

2) On 22 December 2020, the Company incorporated a wholly owned subsidiary, Global Agricapital Holdings Pte. Ltd. ("GAH") with a registered capital of SGD450,000. GAH's principal business includes wholesale of fruits and vegetables (including fresh and frozen), and other canning and preserving of fruits and fruit juices.

3) On 28 December 2020, the Company announced that GAH has entered into a non-binding framework agreement with Anhui Import and Export Co., Ltd. ("AHIE"). AHIE will purchase 500 containers fresh durians from GAH per year.

4) On 8 January 2021, the Company announced that GAH has entered into a binding import purchase agreement with Moonda (Beijing) Agriculture Science and Technology Co., Ltd. ("Moonda"). Moonda will purchase 200 containers of fresh durians from GAH between 5 January 2021 and 30 April 2021. The total purchase price will be RMB130,000,000.

5) On 18 January 2021, the Company announced that GAH has entered into a binding import purchase agreement with Shanghai Yuqu Trading Co., Ltd ("SHYT"). SHYT will purchase 180 containers of fresh durians from GAH between 20 February 2021 and 21 May 2021. The total purchase price will be RMB117,000,000.

6) On 29 January 2021, the Company announced that GAH has entered into a binding import purchase agreement with China Railway Production Control (Chengdu) Industrial Co., Ltd ("CRPC"). CRPC shall purchase over 600 containers of Golden Pillow Durians from GAH from 29 January 2021 to 31 December 2021.

Regarding the preliminary agreements of the fruit business, the Board is of the view that the fruit business and nutrition business could make reasonable profit contributions as well as generate positive cash flows to the Group and enable the Group to operate as a going concern.

With regards to the advances to suppliers and third parties, the Company will continue to monitor the economic environment with a focus on maintaining the Company's relationship with these suppliers and third parties. The Company confirms that there are no known material issues that would adversely affect the ability of the suppliers and third parties to fulfil their obligations under the said advances, save

for unavoidable delays in the originally agreed or expected schedules in light of the COVID-19 situation and resulting impacts.

The Company has a tight relationship with these suppliers and third parties and has made all reasonable efforts to ascertain that the nutrition business is still ongoing as usual.

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

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

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

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

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

There were no changes in the accounting policies and methods of computation.

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

	1 October- 31 December 2020	1 October- 31 December 2019
	HK cents	HK cents
(a) Based on the weighted average number of ordinary shares on issue; and	(0.91)	(3.26)
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	(0.91)	(3.26)

Note to 6(a): For Q1FY2021, the calculation of basic loss per share was based on loss attributable to equity holders of the Company of HK\$958,000 and the weighted average of 105,715,581 ordinary shares in issue.

For the corresponding period ended 31 December 2019 ("PQ1FY2020"), the calculation of basic profit per share was based on loss attributable to equity holders of the Company of HK\$3,144,000 and the weighted average of 96,422,103 ordinary shares in issue.

Note to 6(b): Fully diluted (loss)/profit per share for Q1FY2021 and PQ1FY2020 are the same as (loss)/profit per share based on weighted average number of ordinary shares since there was no potential dilutive ordinary shares outstanding during Q1FY2021 and PQ1FY2020.

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

	As at 31/12/2020	As at 30/09/2020
	HK\$	HK\$
<u>The Company</u>		
Net asset/(liabilities) value per ordinary share based on the number of shares excluding treasury shares	(14.93)	(14.58)
<u>The Group</u>		
Net asset value per ordinary share based on the number of shares excluding treasury shares	9.30	7.63

The calculation of net asset value per share of the Company was based on the Company's net liabilities value of HK\$17,238,000 as at 31 December 2020 (net liabilities at 30 September 2020: HK\$14,061,000) and 115,422,103 ordinary shares in issue as at 31 December 2020 (at 30 September 2020: 96,422,103).

The calculation of net asset value per share of the Group was based on the Group's net asset value of HK\$10,736,000 as at 31 December 2020 (at 30 September 2020: HK\$7,355,000) and 115,422,103 ordinary shares in issue as at 31 December 2020 (at 30 September 2020: 96,422,103).

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:

- a. any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- b. any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Income statement

Revenue

In Q1FY2021, the Group recorded revenue of approximately HK\$14.7 million as compared to HK\$13.1 million in PQ1FY2020. All of the revenue was generated by the Group's subsidiary, NFC. The revenue in Q1FY2021 has no significant fluctuation compared to PQ1FY2020. According to the situation of COVID-19 in China, the business activities started to resume. However, NFC still suffered from the restriction on the marketing and advertising of nutrition products imposed by the Chinese authorities.

Other Income/expenses

The Group recorded no material other income or expenses in Q1FY2021.

Operating expenses

In Q1FY2021, the Group reported distribution expenses of approximately HK\$0.9 million as compared to HK\$1.2 million in PQ1FY2020; and administrative expenses of approximately HK\$3.5 million in Q1FY2021 as compared to approximately HK\$5.5 million in PQ1FY2020.

The HK\$0.3 million decrease in the distribution expenses in Q1FY2021 was mainly due to the decrease of travelling expenses due to the COVID-19 pandemic.

The Group recorded HK\$2.0 million decrease in administrative expenses in Q1FY2021 as compared to PQ1FY2020. It is mainly due to the cut-off of staff costs and travelling expenses.

Finance costs

The Group recorded HK\$2.0 million in finance costs in Q1FY2021. It mainly represents the interest incurred for the Group's third-party loan and NFC's bank loan in the PRC.

Income tax expense

The Group recorded HK\$247,000 income tax credit in Q1FY2021 which was for the operating loss incurred in NFC.

Net loss attributable to shareholders

Overall, the Group recorded a net loss attributable to shareholders of approximately HK\$1.0 million in Q1FY2021 as compared to a net loss of approximately HK\$3.1 million in PQ1FY2020.

Balance sheet

Non-current assets

Property, plant and equipment

The Group recorded HK\$46.3 million for property, plant and equipment as at 31 December 2020 compared to HK\$46.6 million as at 30 September 2020. All of that is the internet related hardware and software.

Current assets

Inventories

The Group recorded HK\$8.3 million inventories as at 31 December 2020. This mainly represents the finished goods, works in progress and raw materials held by NFC. There is no significant fluctuation of inventories as compared to HK\$8.0 million standing as at 30 September 2020.

Trade receivables

The Group recorded HK\$13.5 million trade receivables as at 31 December 2020, which mainly attributed to NFC. Compared to HK\$7.4 million in trade receivables as at 30 September 2020, the HK\$6.1 million increase is mainly from the main customers of NFC. Approximately HK\$5.8 million of that has been subsequently received in January 2021.

Prepayments, deposits and other receivables

The Group recorded HK\$114.8 million prepayments, deposits and other receivables as at 31 December 2020. It mainly comprises HK\$62.0 million the advance previously paid by the Company to Mr. Xiaoxin Wang in connection with the previous proposed acquisition of First Linkage Inc, and HK\$44.6 million the advances to suppliers and third parties.

Current liabilities

Trade and other payables

Trade and other payables amounted to HK\$33.2 million as at 31 December 2020, which is a decrease of HK\$3.6 million from HK\$36.8 million as at 30 September 2020. The decrease mainly represented the payment to third parties to settle outstanding professional fees.

Short term loans

The bank loans of an aggregate sum of HK\$58.8 million as at 31 December 2020 includes HK\$43.2 million third-party loans and a HK\$15.6 million bank loan secured by NFC's land use right.

Non-current liabilities

Long term loans

The Group recorded HK\$85.5 million in long term payables as at 31 December 2020. It represents the Company's receipt of a third-party loan from investors with an annual interest rate of 3.5% and 7.4% for one years to three years.

Cash Flow Statement

The Group recorded a net cash outflow of HK\$3.9 million from operating activities in Q1FY2021 as compared to a net cash outflow of HK\$4.9 million in PQ1FY2020. It is mainly due to the settlement of payable to suppliers and the increase of uncollected receivables in Q1FY2021.

The Group recorded HK\$0.5 million of cash outflow to investing activities in Q1FY2021 to purchase of intangible assets related to nutrition business.

The Group recorded HK\$2.4 million of cash inflow from financing activities in Q1FY2021 as compared to HK\$3.7 million cash outflow in PQ1FY2020. It is mainly due to the Company received HK\$4.4 million from the issuance of 19,000,000 ordinary shares.

As at 31 December 2020, the Group maintained a cash balance of approximately HK\$6.7 million.

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

Not applicable.

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

Due to the COVID-19 virus outbreak since late December 2019, NFC's factory temporarily ceased the manufacturing of goods until the Chinese New Year holidays in 2021 were over. With the reopening of China's economy, NFC is hoping that sales will improve. However, the economy of the world has been seriously impacted and most of the business operations have been suspended as well.

In Q1FY2021, the Group's wholly-owned subsidiary, NFC, recorded HK\$14.7 million in revenue which is a 12% increase as compared to HK\$13.1 million in PQ1FY2020. All of the Group's revenue was generated by NFC. In this quarter, due to the outbreak of COVID-19, the Chinese authorities imposed strict rules and regulations to prevent the further transmission of the virus. It included suspension of social activities, meetings and most of the business operations. According to the situation changed in China, the economic activities slowly restarted. NFC will follow the local rules and regulations regarding the COVID-19 and at the meantime, seek how to return the business around.

In Q1FY2021, NFC continued to import products of mixed drinks of Lutein ester and blueberry and crispy oatmeal. So far, the profit margin of the imported products is low and the sales of the imported products have yet to materially contribute to the revenue. Considering the situation of COVID-9 in North America, NFC will continue to monitor the situation and will make a decision regarding its imported products from North America in due course.

In this quarter the Company issued 19,000,000 common shares to raise SGD760,000 to support the Group's working capital. From 28 December 2020 to 29 January 2021, the Company incorporated a subsidiary in Singapore and entered into 3 binding agreement and 1 non-binding agreement and collectively expected to sell 1,480 containers of fresh durians to major PRC fruit importers. The estimated contract amount is approximately RMB962.0 million. The Company believes the fruit business could make reasonable profit contribution as well as generate positive cash flows to the Group for the long-term economic benefits of the shareholders. The Company will keep shareholders update about the operation of the fruit business.

11. If a decision regarding dividend has been made:—

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

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

(b) (i) Amount per share cents

Not applicable.

(ii) Previous corresponding period cents

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended during the period under review. As at Q1FY2021, the Group recorded accumulated losses of HK\$385,070,000. Therefore, the Group is focusing on enhancing the Group's profitability and would consider the declaration of a dividend when the Group achieves enough profits.

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

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

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

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

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

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

By Order of the Board

Cheng Meng

Executive Director and Chief Executive Officer

13 February 2021