



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 second quarter ended 31 March 2021 (“Q2FY2021”). 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 2<sup>nd</sup> Quarter Ended 31 March 2021**  
**(Expressed in Hong Kong thousand dollars)**

	Three Months Ended 31.03			Six Months Ended 31.03		
	FY2021	FY2020	Change	FY2021	FY2020	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Revenue</b>	40,956	5,728	615	55,647	18,809	196
Cost of sales	(33,416)	(3,909)	755	(42,726)	(11,867)	260
<b>Gross profit</b>	7,540	1,819	315	12,921	6,942	86
Other expenses	(254)	(2,793)	(91)	(488)	(2,619)	(81)
Distribution expenses	(983)	(549)	79	(1,895)	(1,773)	7
Administrative expenses	(3,859)	(1,718)	125	(7,346)	(7,227)	2
Finance costs	(1,996)	(1,882)	6	(3,949)	(3,798)	4
<b>Profit/(loss) before income tax</b>	448	(5,123)	NM	(757)	(8,475)	(91)
Income tax credit	9	157	(94)	256	365	(30)
<b>Profit/(loss) for the period</b>	457	(4,966)	NM	(501)	(8,110)	(94)
<b>Profits/(loss) attributable to:</b>						
Equity holders of the Company	457	(4,966)	NM	(501)	(8,110)	(94)
Non-controlling interest	-	-	NM	-	-	NM
<b>Profit/(loss) for the period</b>	457	(4,966)	NM	(501)	(8,110)	(94)

NM - Not meaningful

The six months for FY2021 refer to the period from 1 Oct 2020 to 31 Mar 2021 while the corresponding six months for FY2020 from 1 October 2019 to 31 March 2020. The three months for FY2021 refer to the period from 1 January 2021 to 31 March 2021 (Q2FY2021) while the corresponding period for FY2020 refer to the period from 1 January 2020 to 31 March 2020 (“Q2FY2020”)

- 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 2<sup>nd</sup> Quarter Ended 31 March 2021**  
**(Expressed in Hong Kong thousand dollars)**

	Three Months Ended 31.03			Six Months Ended 31.03		
	FY2021	FY2020	Change	FY2021	FY2020	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Profit/(loss) for the period</b>	457	(4,966)	NM	(501)	(8,110)	(94)
<b>Other comprehensive (loss)/income</b>						
Items that are or may be reclassified subsequently to profit or loss:						
Currency translation differences arising on consolidation, net of tax	262	(29)	NM	205	(810)	NM
<b>Total comprehensive income/(loss) for the period</b>	719	(4,995)	NM	(296)	(8,920)	(97)
<b>Total comprehensive (loss)/income attributable to:</b>						
Equity holders of the Company	719	(4,995)	NM	(296)	(8,920)	(97)
Non-controlling interest	-	-	NM	-	-	NM
<b>Total comprehensive income/(loss) for the period</b>	719	(4,995)	NM	(296)	(8,920)	(97)

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 March 2021**  
**(Expressed in Hong Kong thousand dollars)**

	<b>The Group</b>		<b>The Company</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>As at 31/03/2021</b>	<b>As at 30/09/2020</b>	<b>As at 31/03/2021</b>	<b>As at 30/09/2020</b>
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	63,754	61,132
Property, plant and equipment	46,090	46,582	-	-
Intangible assets	1,009	567	-	-
Other receivables	1,191	1,153	-	-
	48,290	48,302	63,754	61,132
<b>Current assets</b>				
Inventories	10,292	8,008	-	-
Trade receivables	15,872	7,371	-	-
Prepayments, deposits and other receivables	108,139	112,442	125	133
Amounts due from subsidiaries	-	-	139,783	138,867
Cash and cash equivalents	3,777	8,689	124	256
	138,080	136,510	140,032	139,256
<b>Current liabilities</b>				
Trade and other payables	30,881	36,817	19,140	20,061
Contract liabilities	1,948	2,027	-	-
Short term loans	15,497	55,068	-	39,972
Amount due to subsidiaries	-	-	74,626	70,871
	48,326	93,912	93,766	130,904
<b>Net current assets</b>	89,754	42,598	46,266	8,352
<b>Non-current liabilities</b>				
Long term loans	126,589	83,545	126,589	83,545
	126,589	83,545	126,589	83,545
<b>Net assets/(liabilities)</b>	11,455	7,355	(16,569)	(14,061)
<b>Equity</b>				
<b>Capital and reserves attributable to equity shareholders of the Company</b>				
Share capital	11,542	9,642	11,542	9,642
Reserves	(87)	(2,287)	(28,111)	(23,703)
<b>Total equity attributable to equity holders of the Company</b>	11,455	7,355	(16,569)	(14,061)
<b>Total equity</b>	11,455	7,355	(16,569)	(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 (Q2FY2021) 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.**

<b>As at 31/03/2021 In HK\$'000</b>		<b>As at 30/09/2020 In HK\$'000</b>	
Secured	Unsecured	Secured	Unsecured
15,497	-	15,007	40,061

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

<b>As at 31/03/2021 In HK\$'000</b>		<b>As at 30/09/2020 In HK\$'000</b>	
Secured	Unsecured	Secured	Unsecured
-	126,589	-	83,545

Details of Collaterals

In the short term borrowings, HK\$15.5 million as at 31 March 2021 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 March 2021**  
**(Expressed in Hong Kong thousand dollars)**

	Three Months Ended 31.03		Six Months Ended 31.03	
	FY2021	FY2020	FY2021	FY2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before tax	448	(5,123)	(757)	(8,475)
Adjustments for:				
Amortisation of land use rights	91	(89)	91	141
Depreciation of property, plant and equipment	223	917	492	1,470
Interest income	(1)	(116)	(1)	(265)
Interest expenses	1,980	1,880	3,933	4,385
Inventories written down	216	-	451	-
<b>Operating cash flows before changes in working capital</b>	2,957	(2,531)	4,209	(2,744)
<b>Changes in operating assets and liabilities</b>				
(Increase)/decrease of inventories	(2,208)	(1,156)	(2,735)	8,073
Increase of trade and other receivables	(4,074)	(1,058)	(6,605)	(10,781)
(Increase)/decrease of trade and other payables	(1,558)	9,247	(3,631)	3,167
Currency translation adjustments	(38)	(7,741)	(38)	(7,741)
<b>Cash used in operations</b>	(4,921)	(3,239)	(8,800)	(10,026)
Income tax paid	256	157	256	835
<b>Net cash flows used in operating activities</b>	(4,665)	(3,082)	(8,544)	(9,191)
<b>Cash flows from investing activities</b>				
Interest received	1	116	1	386
Purchase of intangible assets	-	-	(533)	-
Advance to customers and suppliers	-	(6,886)	-	(6,886)
Refund for the proposed acquisition of an associated company	1,901	-	1,901	2,820
<b>Net cash generated from/(used) in investing activities</b>	1,902	(6,770)	1,369	(3,680)
<b>Cash flows from financing activities</b>				
Interest paid	-	(194)	(1,953)	(2,622)
Proceeds from share issuance	-	-	4,396	-
<b>Net cash (used in)/generated from financing activities</b>	-	(194)	2,443	(2,622)
<b>Net decrease in cash and cash equivalents</b>	(2,763)	(10,046)	(4,732)	(15,493)
Cash and cash equivalents at beginning of the period	6,663	6,229	8,689	12,459
Effect of foreign exchange rate changes	(123)	7,597	(180)	6,814
Cash and cash equivalents at end of the period	3,777	3,780	3,777	3,780

**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
<b>At 1 October 2020</b>	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)
<b>At 31 December 2020</b>	<b>11,542</b>	<b>317,797</b>	<b>119,560</b>	<b>(45,505)</b>	<b>(7,588)</b>	<b>(385,070)</b>	<b>10,736</b>
Share issuance	-	-	-	-	-	-	-
Other comprehensive loss for the period, net of tax:							
- Currency translation differences	-	-	-	-	262	-	262
Loss for the period	-	-	-	-	-	457	457
<b>At 31 March 2021</b>	<b>11,542</b>	<b>317,797</b>	<b>119,560</b>	<b>(45,505)</b>	<b>(7,326)</b>	<b>(384,613)</b>	<b>11,455</b>

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
<b>At 1 October 2019</b>	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)
<b>At 31 December 2019</b>	<b>9,642</b>	<b>315,301</b>	<b>119,560</b>	<b>(45,505)</b>	<b>(14,158)</b>	<b>(345,182)</b>	<b>39,658</b>
Other comprehensive loss for the period, net of tax:							
- Currency translation differences	-	-	-	-	(28)	-	(28)
Loss for the period	-	-	-	-	-	(4,966)	(4,966)
<b>At 31 March 2020</b>	<b>9,642</b>	<b>315,301</b>	<b>119,560</b>	<b>(45,505)</b>	<b>(14,186)</b>	<b>(350,148)</b>	<b>34,664</b>

**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
<b>At 1 October 2020</b>	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)
<b>At 31 December 2020</b>	<b>11,542</b>	<b>317,797</b>	<b>119,560</b>	<b>(10,330)</b>	<b>(455,807)</b>	<b>(17,238)</b>
Share issuance	-	-	-	-	-	-
Other comprehensive loss for the period, net of tax:						
- Currency translation differences	-	-	-	4,088	-	4,088
Loss for the period	-	-	-	-	(3,419)	(3,419)
<b>At 31 March 2021</b>	<b>11,542</b>	<b>317,797</b>	<b>119,560</b>	<b>(6,242)</b>	<b>(459,226)</b>	<b>(16,569)</b>

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
<b>At 1 October 2019</b>	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 period	-	-	-	-	(4,203)	(4,203)
<b>At 31 December 2019</b>	<b>9,642</b>	<b>315,301</b>	<b>119,560</b>	<b>(4,145)</b>	<b>(424,317)</b>	<b>16,041</b>
Other comprehensive loss for the period, net of tax:						
- Currency translation differences	-	-	-	-	-	-
Loss for the period	-	-	-	-	(2,002)	(2,002)
<b>At 31 March 2020</b>	<b>9,642</b>	<b>315,301</b>	<b>119,560</b>	<b>(4,145)</b>	<b>(426,319)</b>	<b>14,039</b>

- 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 March 2021 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 March 2021 was 115,422,103 (30 September 2020: 96,422,103). As at 31 March 2021 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, the Company is still in discussions with Mr. Xiaoxin Wang to reach a definitive agreement on a repayment schedule for the outstanding advances, and in the meantime, HK\$1.9 million had been refunded in Q2FY2021, and a further HK\$670,000 refunded until 7 May 2021.

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

The Group has continued to maintain business with these suppliers, third parties and the related party in Q2FY2021, and nothing has come to attention to suggest that the carrying amounts of the Group’s advances to suppliers, third parties and related party may not be duly utilized or refunded in the ordinary course of business, although there may be delays in the originally agreed or expected schedules for payment in light of the ongoing COVID-19 situation and resulting impacts.

(3) Property, plant and equipment

The Company is still in negotiations with First Linkage Hong Kong Limited to enter into definitive sales agreement for the internet related hardware and software pursuant to the MOU signed on 21 January 2021, and has not contemplated any material impairment of such assets at this point in time.

(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

Based on information available to the Board as at the date of this announcement, nothing has come to attention to suggest that there may be a material impairment to the carrying amounts of the investment in subsidiaries and/or amounts due from subsidiaries.

(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.

7) In Q2FY2021, the Group achieved 27.9 million revenue regarding fruit business which was 68.24% of the Group's revenue.

Regarding the preliminary agreements of the fruit business and the performance in Q2FY2021, 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.

As announced by the Company on 9 March 2021, the Board has made its assessment of the Group's ability to continue as a going concern based on various factors including, inter alia, revenue or income coming onstream from the new fruits business, potential divestment of non-core assets, fund-raising efforts.

**(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.**

	<b>3 months ended 31.03</b>	
	<b>FY2021</b>	<b>FY2020</b>
	HK cents	HK cents
(a) Based on the weighted average number of ordinary shares on issue; and	0.41	(5.15)
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	0.41	(5.15)

Note to 6(a): For Q2FY2021, the calculation of basic loss per share was based on profit attributable to equity holders of the Company of HK\$457,000 and the weighted average of 110,515,510 ordinary shares in issue.

For the corresponding period ended 31 March 2020 ("Q2FY2020"), the calculation of basic profit per share was based on loss attributable to equity holders of the Company of HK\$4,966,000 and the weighted average of 96,422,103 ordinary shares in issue.

Note to 6(b): Fully diluted (loss)/profit per share for Q2FY2021 and Q2FY2020 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 Q2FY2021 and Q2FY2020.

**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 31/03/2021	As at 30/09/2020
	HK\$	HK\$
<b><u>The Company</u></b>		
Net asset/(liabilities) value per ordinary share based on the number of shares excluding treasury shares	(14.36)	(14.58)
<b><u>The Group</u></b>		
Net asset value per ordinary share based on the number of shares excluding treasury shares	9.92	7.63

The calculation of net asset value per share of the Company was based on the Company's net liabilities value of HK\$16,569,000 as at 31 March 2021 (net liabilities at 30 September 2020: HK\$14,061,000) and 115,422,103 ordinary shares in issue as at 31 March 2021 (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\$11,455,000 as at 31 March 2021 (at 30 September 2020: HK\$7,355,000) and 115,422,103 ordinary shares in issue as at 31 March 2021 (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 Q2FY2021, the Group recorded revenue of approximately HK\$41.0 million as compared to HK\$5.7 million in Q2FY2020. All of the revenue was generated by the Group's subsidiary, Global Agricapital Holdings Pte Ltd. ("GAH") and Nutryfarm (Chengdu) Biomedicine Ltd. ("NFC"). The revenue in Q2FY2021 increased HK\$35.3 million compared to Q2FY2020. Of the increase, GAH contributed HK\$27.9 million revenue in Q2FY2021 for the fruit business. Meantime NFC's nutrition business achieved HK\$13.1 million in Q2FY2021 which was 129.82% increase compared to Q2FY2020.

Other expenses

The Group recorded HK\$254,000 other expenses in Q2FY2021. It mainly represented the written-off of

obsoleted inventories in NFC.

#### Operating expenses

In Q2FY2021, the Group reported distribution expenses of approximately HK\$1.0 million as compared to HK\$0.5 million in Q2FY2020; and administrative expenses of approximately HK\$3.9 million in Q2FY2021 as compared to approximately HK\$1.7 million in Q2FY2020.

The HK\$0.5 million increase in the distribution expenses in Q2FY2021 was mainly due to the increase of marketing expenses in NFC.

The Group recorded HK\$2.2 million increase in administrative expenses in Q2FY2021 as compared to Q2FY2020. It mainly included HK\$0.4 million increased professional fees for the proposed diversification of business of the Group, HK\$0.8 million increase of research and development expenses of NFC and HK\$0.5 million increase of staff costs.

#### Finance costs

The Group recorded HK\$2.0 million in finance costs in Q2FY2021, which has no material difference as the finance costs of HK\$1.9 million incurred in Q2FY2020. 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 no material amount of income tax expenses in Q2FY2021.

#### Net profits/(loss) attributable to shareholders

Overall, the Group recorded a net profit attributable to shareholders of approximately HK\$457,000 in Q2FY2021 as compared to a net loss of approximately HK\$5.0 million in Q2FY2020.

### **Balance sheet**

#### *Non-current assets*

##### Property, plant and equipment

The Group recorded HK\$46.1 million for property, plant and equipment as at 31 March 2021 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\$10.3 million inventories as at 31 March 2021. This mainly represents the finished goods, works in progress and raw materials held by NFC. It has HK\$2.3 million increase as compared to HK\$8.0 million standing as at 30 September 2020 which is mainly due to the increase of the revenue of NFC.

##### Trade receivables

The Group recorded HK\$15.9 million trade receivables as at 31 March 2021. Compared to HK\$7.4 million in trade receivables as at 30 September 2020, the HK\$8.5 million increase includes HK\$2.1 million increase from GAH for the Group's fruit business and HK\$6.4 million increase from the main customers of NFC.

#### Prepayments, deposits and other receivables

The Group recorded HK\$108.1 million prepayments, deposits and other receivables as at 31 March 2021. It mainly comprises HK\$60.1 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\$42.8 million the advances to suppliers and third parties. In this quarter, Mr. Xiaoxin Wang refunded HK\$1.9 million to the Group in Q2FY2021.

#### *Current liabilities*

##### Trade and other payables

Trade and other payables amounted to HK\$30.9 million as at 31 March 2021, which is a decrease of HK\$5.9 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\$15.5 million as at 31 March 2021 which is the bank loan secured by NFC's land use right.

#### *Non-current liabilities*

##### Long term loans

The Group recorded HK\$126.6 million in long term payables as at 31 March 2021. It represents the Company's receipt of a third-party loan from investors with an annual interest rate of 3.5% and 7.4% for one years to three years.

#### **Cash Flow Statement**

The Group recorded a net cash outflow of HK\$4.7 million from operating activities in Q2FY2021 as compared to a net cash outflow of HK\$3.1 million in Q2FY2020. It is mainly due to the increase of working capital for the settlement of outstanding professional fees in Q2FY2021.

The Group recorded HK\$1.9 million of cash inflow from investing activities in Q2FY2021 due to HK\$1.9 million refund from Mr Xiaoxin Wang for the proposed acquisition of First Linkage Inc.

The Group recorded no material cash flow from financing activities in Q2FY2021.

As at 31 March 2021, the Group maintained a cash balance of approximately HK\$3.8 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 significant trends and competitive conditions**

**of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

The Group's health supplements business under NFC continues to face challenging conditions with the marketing activities of NFC being seriously impacted by the continuing COVID-19 virus outbreak although, with the reopening of China's economy, NFC has seen its sales improve and increase by 112.28% in Q2FY2021 compared to the corresponding period ended 31 March 2020.

In Q2FY2021, NFC continued to import products of mixed drinks of Lutein ester and blueberry and crispy oatmeal, and the sales of the imported products has led to an increase in revenue although the profit margin is low. Given that these imported products are largely imported from North America, NFC will continue to monitor the COVID-19 situation in North America in the event of any supply chain disruptions..

As previously announced by the Company, the Group has embarked upon the fruits business through its wholly-owned subsidiary, Global Agricapital Holdings Pte. Ltd. ("GAH"), and the Group's fruit business contributed HK\$27.9 million revenue in Q2FY2021 from 35 containers shipped during the period, which represents more than 50% of the Group's total revenue in Q2FY2021. GAH has also fulfilled its obligations to Moonda (see Clause 3a) for the shipment of 200 containers as at 30 April 2021 and is currently working on the fulfillment for the remaining contracts.

The Company believes the fruit business offers reasonable prospects for profit contribution as well as generate positive cash flows to the Group and the Company intends to seek shareholders' approval to diversify into the fruits business a new core business, as announced by the Company on 11 May 2021. The Company will keep shareholders updated on material developments relating to this.

**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 Q2FY2021, the Group recorded accumulated losses of HK\$384,613,000. 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**

**14 May 2021**