

NUTRYFARM INTERNATIONAL LIMITED
(Company Registration Number: 32308)
(Incorporated in Bermuda)

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The Board of Directors (the “**Board**”) of NutryFarm International Limited (the “**Company**”), and together with its subsidiaries, refers to its announcement dated 5 July 2018 on the responses to queries from the Singapore Exchange Securities Trading Limited (“**SGX**”) in relation to the Company’s announcement dated 28 May 2018 on the unaudited full year financial statement and dividend announcement for the financial year ended 31 March 2018. In this regard, the Board would like to respond to the following query raised by the SGX on 12 July 2018 (the “**SGX Query**”) as follows:

SGX Query

We refer to the Company’s response to SGX Query (a) which states “*The Group recorded HK\$3.9 million for depreciation of property, plant and equipment in FY2018 which is a HK\$0.6 million decrease compared to HK\$4.4 million in FY2017. The decrease is because in FY2017, HK\$0.6 million was made to recognise the accelerated depreciation charge due to the reduction in expected useful life of the leasehold improvements from 20 years to 10 years.*”

Please provide the basis for the reduction in useful life of the leasehold improvements.

Company’s Response to SGX Query

As at the financial year end of FY2017, the Company physically inspected the leasehold improvements and decided that the useful life of the leasehold improvements should be adjusted to 10 years rather than 20 years used by NFC for the annual depreciation charge according to the condition of the leasehold improvements.

Management considered the impact on the financial statements from the accelerated depreciation charge in each of the financial year of 2014, 2015 and 2016, and decided that any impact was not material and accordingly, no adjustment was made in these 3 years. The effect of not making adjustments was immaterial and thus the Company therefore did not record any adjustment before FY2017.

During FY2017, the Company considered that the accumulated depreciation charge arising from the reduction of useful life of leasehold improvements would be magnified in the future and the Company would therefore like to adjust the accumulated depreciation charge of RMB557,000 in FY2017.

BY ORDER OF THE BOARD

Paul Gao Xiangnong
Chief Executive Officer and Executive Director
16 July 2018