

**NUTRYFARM INTERNATIONAL LIMITED**

(Company Registration Number: 32308)

(Incorporated in Bermuda)

(the “Company” or “NutryFarm”)

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**MATERIAL VARIANCE BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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The Board of Directors (the “Board”) of the Company, and together with its subsidiaries (the “Group”), refers to its audited financial statements in the Company’s annual report for the financial period ended 30 September 2020 (the “Audited Financial Statements”) and the announcement on the unaudited financial statements for the financial period ended 30 September 2020 on 29 December 2020 (the “Unaudited Financial Statements”).

Pursuant to Rule 704(6) of the Listing Rules of the Singapore Exchange Securities Trading Limited, the Board wishes to announce and clarify the material variances between the Audited Financial Statements and the Unaudited Financial Statements after the completion of the financial audit by the Company’s external auditor.

**Income Statement**

HK\$'000	Note	Audited Financial Statements	Unaudited Financial Statements	Variances
Revenue		61,568	61,567	1
Cost of sales		(39,692)	(39,684)	(8)
Gross profit		<u>21,876</u>	<u>21,883</u>	(7)
Interest income	1	406	-	406
Other income	1	1,447	-	1,447
Other expenses	1	-	(932)	932
Distribution expenses		(6,858)	(6,858)	-
Administrative expenses	2	(40,840)	(44,269)	3,429
Finance costs	3	(14,796)	(11,445)	(3,351)
Net impairment losses on financial assets	2	(9,629)	-	(9,629)
Loss before tax		<u>(48,394)</u>	<u>(41,621)</u>	(6,773)
Tax expense		(118)	(118)	-
Loss for the period		<u>(48,512)</u>	<u>(41,739)</u>	(6,773)

**Note:**

1. The Audited Financial Statements has disclosed “interest income” and “other income” as separate disclosable items. The Unaudited Financial Statements has combined HK\$0.4 million interest income, HK\$1.4 million other income and HK\$2.5 million inventories written down expenses and HK\$0.2 million other costs and disclosed collectively in a net amount of HK\$0.9 million as “other expenses”. Inventories written down and other costs have originally been classified as administrative expenses in the Unaudited Financial Statements.

2. In the Audited Financial Statements, we have separately disclosed the impairment losses on financial assets out of administrative expenses. Audited Financial Statements further provided a HK\$3.5 million net impairment losses on financial assets.

As such, the administrative expenses as disclosed in the Audited Financial Statements of HK\$40.9 million is reconciled as : HK\$44.3 million as disclosed in the Unaudited Financial Statements added HK\$2.5 million inventories written down and HK\$0.2 million other costs classified to other expenses, added HK\$3.5 million further provided net impairment losses on financial assets and minus HK\$9.6 million total net impairment loss on financial assets being separately disclosed in the Audited Financial Statements.

3. In the Audited Financial Statements, the Company further accrued HK\$3.4 million interest expenses for the third party loan obtained by the Company.

### Balance Sheet

HK\$'000	Note	Audited Financial Statements	Unaudited Financial Statements	Variations
<b>Non-current assets</b>				
Property, plant and equipment	4	46,582	40,326	6,256
Other receivables		1,153	1,153	-
Land use rights	4	567	5,971	(5,404)
Sub-total of non-current assets		48,302	47,450	852
<b>Current assets</b>				
Inventories		8,008	8,008	-
Trade receivables	5	7,371	5,123	2,248
Other receivables	6	112,442	98,017	14,425
Tax recoverable		-	-	-
Cash and bank balances		8,689	8,781	(92)
Sub-total of current assets		136,510	119,929	16,581
<b>Current liabilities</b>				
Trade and other payables	6&7	36,817	12,927	23,890
Contract liabilities	7	2,027	1,262	765
Borrowings	8	55,068	25,030	30,038
Sub-total of current liabilities		93,912	39,219	54,693
<b>Non-current liability</b>				
Borrowings	8	83,545	114,240	(30,695)
Sub-total of non-current liability		83,545	114,240	(30,695)

HK\$'000	Note	Audited Financial Statements	Unaudited Financial Statements	Variances
Net assets		7,355	13,920	(6,565)
<b>Equity</b>				
Share capital		9,642	9,642	-
Other reserves		381,825	381,617	208
Accumulated losses	9	(384,112)	(377,339)	(6,773)
Sub-total of equity		7,355	13,920	(6,565)

Note:

4. In the Audited Financial Statements, the Company reclassified HK\$5.4 million Land use rights to Property, plant and equipment and reduced its provision for depreciation of approximately HK\$0.9 million on the property, plant and equipment related to internet business.
5. In the Audited Financial Statements, the Company reversed HK\$2.2 million impairment losses on Trade receivables.
6. In the Audited Financial Statements, the Company further provided HK\$5.0 million impairment losses on Other receivables and reclassified HK\$19.5 million debit balance from Trade and other payables to Other receivables.
7. In the Audited Financial Statements, the Company reclassified HK\$19.05 million debit balance of Trade and other payables to Other receivables which is the same as note 6, reclassified HK\$0.8 million from Trade and other payables to Contract liabilities, and further accrued HK\$3.4 million interests related to the third-party loan obtained by the Company.
8. In the Audited Financial Statements, the Company reclassified HK\$30.0 million third-party loan from non-current liability to current liability.
9. The variance on accumulated losses have been clarified under the above Income Statement section.

**BY ORDER OF THE BOARD**

**Cheng Meng**

Executive Director and Chief Executive Officer  
13 February 2021