

NUTRYFARM INTERNATIONAL LIMITED
(Company Registration Number: 32308)
(Incorporated in Bermuda)
(the “**Company**” or “**NutryFarm**”)

MATERIAL VARIANCE BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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 year ended 31 March 2019 (the “**Audited Financial Statements**”) and the announcement on the unaudited financial statements for the financial year dated 31 March 2019 on 29 May 2019 (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	Annual Report	Announcement (29 May 2019)	Difference
Revenue		44,042	44,042	-
Cost of sales		(26,121)	(26,121)	-
Gross profit		17,921	17,921	-
Other income	1	4,383	6,026	(1,643)
Distribution expenses		(7,718)	(7,718)	-
Administrative expenses	2	(88,903)	(98,180)	9,277
Finance costs		(7,749)	(7,749)	-
Net impairment losses on financial assets	3	(9,277)	-	(9,277)
Loss before tax		(91,343)	(89,700)	(1,643)
Tax expense		(1,893)	(1,893)	-
Loss for the financial year		(93,236)	(91,593)	(1,643)

Note:

1. HK\$1.6 million difference is due to an exchange loss for the translation of refundable deposit paid for the proposed acquisition of 45% interest of First Linkage Inc. which are denominated in RMB.
2. In the annual report, we separately disclose the impairment losses on financial assets out of administrative expenses.
3. Due to Note 2.

Balance Sheet

HK\$'000	Note	Annual Report	Announcement (29 May 2019)	Difference
Non-current assets				
Property, plant and equipment		10,811	10,811	-
Other receivables	4	25,005	116,405	(91,400)
Land use rights		5,621	5,621	-
Sub-total of non-current assets		<u>41,437</u>	<u>132,837</u>	(91,400)
Current assets				
Inventories		12,902	12,902	-
Trade receivables		9,492	9,492	-
Other receivables	5	100,714	10,957	89,757
Tax recoverable		327	327	-
Cash and bank balances		47,380	47,380	-
Sub-total of current assets		<u>170,815</u>	<u>81,058</u>	89,757
Current liabilities				
Trade and other payables	6	19,107	20,369	(1,262)
Contract liabilities	7	1,262	-	1,262
Borrowings		15,105	15,105	-
Sub-total of current liabilities		<u>35,474</u>	<u>35,474</u>	-
Non-current liability				
Borrowings		119,826	119,826	-
Sub-total of non-current liability		<u>119,826</u>	<u>119,826</u>	-
Net assets		<u>56,952</u>	<u>58,595</u>	(1,643)
Equity				
Share capital		9,642	9,642	-
Other reserves		382,910	382,910	-
Accumulated losses	8	(335,600)	(333,957)	(1,643)
Sub-total of equity		<u>56,952</u>	<u>58,595</u>	(1,643)

Note:

4. HK\$91.4 million amount related to the refundable deposit paid for the proposed acquisition of 45% interest of First Linkage Inc. Previously, the Board wished to offset the outstanding balance with other proposed acquisition or expenditure of property, plant and equipment. Currently as agreed with the Vendor, those amounts would be refunded directly. The above offset would be a safeguard.
5. Due to Note 4 and Note 8.
6. HK\$1.3 million represents the contract liability reclassified from trade and other payables of the announcement. The contract liabilities have been explained in note 21 of the annual report. It represents the advance consideration received from customers. It would be recognised as revenue as the Group satisfies the performance obligations under the contracts.
7. Due to Note 6.
8. HK\$1.6 million difference is due to an exchange loss for the translation of refundable deposit paid for the proposed acquisition of 45% interest of First Linkage Inc. which are denominated in RMB.

BY ORDER OF THE BOARD

Paul Gao Xiangnong

Chief Executive Officer and Executive Director

3 July 2019