

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

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**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

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The Board of Directors (the “**Board**”) of NutryFarm International Limited (the “**Company**”), and together with its subsidiaries, refers to its announcement dated 28 May 2018 (the “**Announcement**”) on the unaudited full year financial statement and dividend announcement for the financial year ended 31 March 2018 (“**FY2018**”). In this regard, the Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited on 3 July 2018 (the “**SGX Queries**” and each an “**SGX Query**”) as follows:

**SGX Query (a)**

With reference to the notes to the Group Comprehensive Income Statement on page 3 of the unaudited financial statements for the full year ended 31 March 2018 (“**FY2017 Results Announcement**”), please disclose the reason(s) for the material variances in the amounts of the following items:-

Line Item	The Group (HK\$'000)	
	FY2018	FY2017
Amortisation of intangible assets	163	3,455
Depreciation of property, plant and equipment	3,874	4,445

**Company’s Response to SGX Query (a)**

The Group recorded HK\$3.5 million for amortisation of intangible assets in the financial year ended 31 March 2017 (“**FY2017**”) including HK\$3.2 million for amortisation of intangible assets (customer relationships) which was recorded when the Group acquired NutryFarm Biomedicine International Limited. Such intangible assets (customer relationships) have been fully amortised in FY2017.

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.

**SGX Query (b)**

Paragraph 8 on page 11 of the FY2017 Results Announcement states, amongst others, that “*The Group reported HK\$8.1 million increase of administrative expenses as compared to FY2017 mainly due to HK\$6.7 million impairment of trade and other receivables and prepayments, and HK\$2.2 million written off inventories recorded in FY2018. The impairment is related to the main customers because of the significant drop of relevant revenue.*”

- Please clarify why an impairment of trade and other receivables and prepayments resulted from a significant drop of relevant revenue; and
- Please clarify the reason(s) for the write-off of inventories amounting to HK\$2.2 million.

**Company’s Response to SGX Query (b)**

The Group assessed the recoverability of those trade and other receivables and prepayments from customers, and realised that there was a decrease in revenue from certain customers. In addition, some amounts were also overdue more than one year. As a result the Group recorded the relevant

impairment for trade receivables from such customers. Furthermore, the Group assessed other receivables and provided the necessary impairment for the non-recoverable part as well.

The Group recorded HK\$2.2 million written off inventories with ageing of over two years in FY2018.

**BY ORDER OF THE BOARD**

**Paul Gao Xiangnong**

Chief Executive Officer and Executive Director

5 July 2018