

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 the Company’s announcement dated 1 March 2022 titled “*Resignation of Non-Executive Independent Director*”, the announcement dated 1 March 2022 titled “*Resignation of Non-Executive Non-Independent Director*”, the announcement dated 2 March 2022 titled “*Changes in the Composition of the Board and Board Committees*”, the announcement dated 8 March 2022 titled “*Appointment of Executive Chairman*”, the announcement dated 9 March 2022 titled “*Redesignation of Mr Terence Luk*” and the announcement dated 9 March 2022 titled “*Appointment of EC and Redesignation of NEC*” (collectively, the “**Announcements**”).

The Board would like to respond to the queries raised by the Singapore Exchange Securities Trading Limited on 10 March 2022 (the “**SGX Queries**” and each an “**SGX Query**”) in relation to the Announcements as follows. Capitalised terms not otherwise defined herein shall have the meanings respectively ascribed to them in the Announcements.

SGX Query (a)

The **9 March 2022 SGXNet Announcement on Appointment of EC and Redesignation of NEC** provides amongst others that:-

*“Mr Wu wrote again to the Company on 4 March 2022 (“**Mr Wu’s Second Letter**”), requesting the Board to consider appointing him to the Board as the Executive Chairman of the Board, and providing certain additional information and documents as earlier requested by the Board, including an investigation report dated 10 January 2022 issued by a law firm in the PRC, inter alia, in relation to the Outstanding Judgments (“**PRC Legal Counsel Report**”).....*

In assessing Mr Wu’s suitability to be appointed as Director, the Nominating Committee considered, inter alia, the following factors and circumstances:.....

(3) taking into account, inter alia, the findings made under the PRC Legal Counsel Report and the declarations, confirmations and undertakings made by Mr Wu in relation to the Outstanding Judgments and the WSRE Bankruptcy as further elaborated below nothing having come to the attention of the NC which may lead the NC to doubt Mr Wu’s character and integrity and/or Mr Wu’s suitability to be appointed as director of the Company.....

Mr Wu has declared and confirmed that there are an aggregate of 18 Outstanding Judgments entered against him as defendant in various civil suits initiated in the PRC which remain unsatisfied as at the date of this announcement, and Mr Wu is the subject of restrictions from high consumption under applicable PRC laws (see Appendix).....”

Mr Wu has also declared and confirmed that he has “*chosen not to pay or satisfy the Outstanding Judgments mainly for business or commercial reasons.*”

Please provide the Nominating Committee’s assessment of:-

- i. Each civil suit including Mr Wu Yongqiang’s role and accountability for the relevant debts which results in the court judgements;
- ii. As to how each suit will affect Mr Wu Yongqiang’s ability to meet the requirements under Listing Rule 720(1) read with Listing Rule 210(5) relating to character and integrity of directors and management of an issuer; and
- iii. Mr Wu Yongqiang’s ability to meet the requirements under Listing Rule 720(1) read with Listing Rule 210(5) relating to character and integrity of directors and management of an issuer, in light of Mr Wu Yongqiang’s decision not to satisfy the Outstanding Judgments?

Company's Response to SGX Query (a)

The Nominating Committee (“NC”) having reviewed each of the civil suits, in conjunction with a legal opinion report from Guangdong Guanghe Law Firm (“PRC Lawyers”) (being the Guangdong branch of one of the largest comprehensive law firms in South China with over 20 branches), would like to explain its assessment:

- Of the 18 civil suits listed, 12 of the cases clearly state that it is resulting from amounts owing by Mr Wu and/or entities associated with Mr Wu and the PRC Lawyers has confirmed that these are commercial in nature. There is no cause to assume that there was any fraud, dishonesty, misrepresentation, misconduct or mismanagement on the part of Mr Wu;
- Of the remaining cases that are “Not Clear”, the NC has sought clarification from Mr Wu who has confirmed that these are commercial in nature and not due to fraud, dishonesty, misrepresentation, misconduct or mismanagement and has subsequently given a declaration to the Company;
- While the cases indicate that the judgements have not been executed, Mr Wu has clarified that he genuinely believes he is not at fault and/or there is commercial ambiguity as to whether he should assume full liability and/or part thereof. Accordingly, he claims to have made contributions which he has deemed fair and equitable to the satisfaction of some of these judgements. As such, no further action has been taken by the creditors and/or the courts against him;
- Notwithstanding Mr Wu's declaration, the NC has obtained an undertaking from Mr Wu that (i) he has sufficient financial resources available to satisfy any outstanding judgements which may be enforced against him from time to time, (ii) forthwith take all necessary steps to pay or satisfy the outstanding judgements or come to a settlement with the creditors in question should there be steps taken by the creditors of the outstanding judgements to institute personal bankruptcy proceedings against him from time to time, (iii) to offer his resignation to the Board should he become a bankrupt (or an application to commence thereof), or further developments to the outstanding judgements which may disqualify him or adversely affect his ability to continue as a director and (iv) offer his resignation to the Board should thereby any new information arising or coming to the attention of the Board, whether in relation to the outstanding judgements or otherwise, which, in reasonable opinion of the Board, may disqualify him or adversely affect his ability to continue to act as a director of the Company.

Further, based on the cases reviewed, the PRC Lawyers is of the opinion that the high consumption restriction placed on Mr Wu do not disqualify him from being a director or key management in the PRC.

Based on further clarifications by the PRC Lawyers, the confirmations from Mr Wu and his willingness to cooperate in the requests of the Board with respect to the relevant declarations and undertakings, the NC is satisfied with Mr Wu's character and integrity.

SGX Query (b)

The **9 March 2022 SGXNet Announcement on Appointment of EC and Redesignation of NEC** provides amongst others that:-

“Mr. Wu Yongqiang has been appointed as the Executive Chairman of the Company with effect from 8 March 2022.

Mr Wu is a substantial shareholder of the Company, having direct and deemed interest in an aggregate of 19,187,975 ordinary shares in the capital of the Company (“Shares”), representing approximately 13.97% of the total issued shares of the Company as at the date of this announcement. Mr Wu has been a substantial shareholder of the Company since 30 June 2021, when he first gave notice to the Company of his becoming a substantial shareholder with the acquisition of 10,000,000 Shares by Tianci International Pte Ltd, a company which he owns.....

Mr Wu had written to the Company on 27 December 2021 (“Mr Wu's First Letter”), requesting the Board to consider appointing him to the Board as a non-independent and non-executive Director, and providing certain information on his personal history and background, including disclosure of his appointment as the non-executive chairman of another listed company, KTL Global Limited (“KTL

Global”) on 14 December 2021, and disclosure of the existence of certain judgments in various civil suits initiated in the People’s Republic of China (“PRC”) entered against him.” (emphasis added)

It is also noted that the Company had in August 2021 sought and obtained shareholders’ approval for the proposed diversification of the business of the Group to include the business of plantation, processing, wholesale and trading of fruits and fruit products, including the principal activities of Global Agricapital Holdings Pte. Ltd. The principal activities of Global Agricapital Holdings Pte. Ltd. include but are not limited to, (i) the wholesale, distribution and/or retail of fruits and vegetables (fresh, frozen, freeze-dried, canned, preserved and/or handled through any other means) as well as its related and/or derived products; and (ii) the production of fruits and vegetables as well as its related and/or derived products, including but not limited to, vegetables and/or fruit juices, juice concentrates, purees, compotes, jams, ciders, other fruit-derived or vegetable-derived products, and other fruit-flavoured or vegetable-flavoured products.

With regards to KTL Global Limited, it is noted that:-

- On 3 June 2021, KTL Global Limited made a SGXNet announcement entitled:- “Asset Acquisitions and Disposals::Proposed Acquisition of Tianci Agritech Pte. Ltd.”, relating to the entry into a sale and purchase agreement for the acquisition by the Company of 100% of the shares in the entire issued share capital of Tianci Agritech Pte. Ltd. The announcement also mentioned that the principal business of Tianci Agritech Pte. Ltd. is the sale and distribution of fresh vegetable and fruit produce (including import and export of fruits and vegetables, and growing of leafy and fruit vegetables).
- On 17 June 2021, KTL Global Limited made a SGXNet announcement entitled:- “Response to SGX Queries::”, which mentioned amongst others, that KTL Global Limited together with its subsidiaries (“KTL Group”)’s consultant, Mr Wu Yongqiang originally from the Shandong province of the People’s Republic of China (“PRC”), possesses many years of experience in the import and distribution of food products including having previously worked on collaborations with numerous established brands in the PRC in respect of the import and distribution of vegetables and fruit produce. Mr Wu also has a strong network of suppliers and customers in the New Business within PRC. It was also mentioned that the proposed acquisition by the Company of 100% of the shares in the entire issued share capital of Tianci Agritech Pte. Ltd. for a purchase consideration of S\$200,000 allows the Group to first enter into the business of supplying and distributing vegetable and fruits produce to various consumer groups in Singapore at a relatively low initial cost taking into consideration the net asset value of Tianci Agritech Pte. Ltd. (based on its cash holdings on completion) and the key supply contracts which have already been secured by Tianci Agritech Pte. Ltd. with suppliers of vegetable produce in Malaysia before eventually expanding into the larger market of supplying and distributing other raw food materials and/or perishable produce.
- On 28 June 2021, KTL Global Limited made a SGXNet announcement entitled:- “Asset Acquisitions and Disposals::Proposed Acquisition of Tianci Agritech Pte. Ltd. – Completion of Proposed Acquisition”, which mentioned amongst others, that the proposed acquisition by the Company of 100% of the shares in the entire issued share capital of Tianci Agritech Pte. Ltd. for a purchase consideration of S\$200,000 was completed on 28 June 2021.
- On 14 December 2021, KTL Global Limited made a SGXNet announcement entitled:- “Change – Announcement of Appointment::Appointment of Non-Executive Non-Independent Director and Non-Executive Chairman”, which mentioned amongst others, the appointment of Mr. Wu Yongqiang as Non-Executive Non-Independent Director of the Company, Non-Executive Chairman of the Board and member of the Audit Committee, Remuneration Committee, Nominating Committee and Performance Share Scheme Committee with effect from 14 December 2021. The announcement also mentioned that Mr. Wu Yongqiang is deemed interested in 40,250,000 ordinary shares representing 12.75% of the total issued and paid-up share capital of the Company held by his spouse, Ms. Zhang Xuemei who is a substantial shareholder of KTL Global Limited.

Taking into consideration the above, in particular that both the Company and KTL Global Limited have business in relation to the sale and distribution of fruits and vegetables, and that Mr Wu Yongqiang is

the chairman of both companies and has substantial shareholding (direct and/or deemed interest) in both companies, please provide the Nominating Committee's assessment of whether there is a potential conflict of interest in the appointment of Mr Wu Yongqiang as Executive Chairman of the Company and the bases of such an assessment.

Company's Response to SGX Query (b)

The NC has assessed that there is currently no potential conflict of interest as there is no overlap in the businesses of the two companies. Based on the confirmations with the management of KTL Global Limited ("KTL"), they are not in the trading and distribution of durians and/or other fruits. Similarly, the Company is not in the trading, sales and distribution of fresh vegetables and vegetable products, which we understand are the key drivers for KTL business at this point in time.

SGX Query (c)

It is noted from the **9 March 2022 SGXNet Announcement on Appointment of EC and Redesignation of NEC** that the latest composition of the Board of the Company with effect from 8 March 2022 would comprise of 8 directors, of which there are three Non-Executive Independent Directors including Non-Executive Independent Director Ms. Lee Pih Peng whose resignation was announced in the **1 March 2022 SGXNet Announcement Resignation of Non-Executive Independent Director**.

Listing Rule 720(1) provides that:- *"An issuer must procure undertakings to comply with the Exchange's listing rules from all its directors and executive officers (in the form set out in [Appendix 7.7](#)) and submit the undertakings to the Exchange if required. An issuer must comply with Rule 210(5), Rule 221 (if applicable) and Rule 210(9)(e) (if applicable) on a continuing basis."*

Listing Rule 210(5)(c) provides that:- *"The issuer's board must have at least two non-executive directors who are independent and free of any material business or financial connection with the issuer. Independent directors must comprise at least one-third of the issuer's board. In the event of any retirement or resignation which renders the issuer unable to meet any of the foregoing requirements, the issuer should endeavour to fill the vacancy within two months, but in any case not later than three months."* (emphasis added)

Please clarify what the Company's proposed actions steps are in ensuring its compliance with Listing Rule 720(1) read with Listing Rule 210(5), in particular in relation to Listing Rule 210(5)(c) that independent directors must comprise at least one-third of the issuer's board.

Company's Response to SGX Query (c)

The Company currently has 3 independent directors comprising more than one-third of the Company's Board thereby satisfying Listing Rule 210(5)(c), notwithstanding that Ms Lee Pih Peng has resigned and serving her notice period. Ms Lee has confirmed that she will continue to serve her capacity as independent director until the end of her notice period or such time that the Company has secured an alternative independent director, whichever is earlier. The Company is currently reviewing its existing Board composition and reviewing independent director candidates to join the Board and will update the shareholders.

SGX Query (d)(i)

Please provide the current composition of the Board Committees (eg. Audit Committee, Nominating Committee, Remuneration Committee, etc).

Company's Response to SGX Query (d)(i)

The current composition of the Board Committees is appended as follows:-

Audit Committee

1. Mr. Lim Swee Hua David (Chairman)
2. Mr. Low Chin Parn Eric
3. Ms. Lee Pih Peng

Nominating Committee

1. Mr. Low Chin Parn Eric (Chairman)
2. Mr. Lim Swee Hua David
3. Ms. Lee Pih Peng

Remuneration Committee

1. Mr. Low Chin Parn Eric (Chairman)
2. Mr. Lim Swee Hua David
3. Ms. Lee Pih Peng

SGX Query (d)(ii)

It is also noted from the **2 March 2022 SGXNet Announcement Changes in the Composition of the Board and Board Committees** that the Audit Committee currently comprises of 3 directors, including Ms. Lee Pih Peng whose resignation was announced in the **1 March 2022 SGXNet Announcement Resignation of Non-Executive Independent Director**.

Listing Rule 704(8) provides that:- *“In addition to Rule 703, an issuer must immediately announce the following:- Any appointment or reappointment of a director to the audit committee. The issuer must state in the announcement whether the board considers the director to be independent. The issuer must also provide such additional disclosure as may be appropriate in the circumstances to enable its shareholders to assess the independence or otherwise of the appointed director. In the event of any retirement or resignation which renders the audit committee unable to meet the minimum number (not less than three) the issuer should endeavour to fill the vacancy within two months, but in any case not later than three months.”* (emphasis added)

- i. Please provide the Board and the Nominating Committee’s assessment as to whether the Audit Committee is able to adequately and effectively function following the resignation of Ms. Lee Pih Peng as announced in the **1 March 2022 SGXNet Announcement Resignation of Non-Executive Independent Director**, and the bases for its views.
- ii. Please clarify what the Company’s proposed action steps are in ensuring its compliance with Listing Rule 704(8).

Company’s Response to SGX Query (d)(ii)

- i. The Board has reported that there is no change in the committees save that Mr Eric Low has taken over the role of Nominating Committee Chairman in light of Ms Lee’s pending departure. In the meantime, Ms Lee will continue to serve out her role as an independent director and a member of the Audit, Remuneration and Nominating Committees.
- ii. As explained, the Board will look to replace Ms Lee’s independent director position shortly and is currently in the process of reviewing candidates.

BY ORDER OF THE BOARD

Levin Lee
Executive Director
14 March 2022