



Our Ref: REG/LC/ET/CL/NOC2021090008

8 September 2021

**The Board of Directors**

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

Dear Sirs

**NUTRYFARM INTERNATIONAL LIMITED (THE "COMPANY")  
NOTICE OF COMPLIANCE (THE "NOTICE")**

---

1. Singapore Exchange Regulation ("**SGX RegCo**") refers to the Company's following SGXNet announcements:-
  - (a) dated 15 March 2018, entitled "*Asset Acquisitions and Disposals::PROPOSED ACQUISITION OF 45% OF THE INTEREST IN FIRST LINKAGE INC.*";
  - (b) dated 10 February 2019, entitled "*General Announcement::UPDATE ON THE PROPOSED ACQUISITION OF 45% OF THE INTEREST IN FIRST LINKAGE INC.*";
  - (c) dated 21 June 2019, entitled "*Asset Acquisitions and Disposals::PROPOSED DIVERSIFICATION OF BUSINESS AND PROPOSED ACQUISITION.*";
  - (d) dated 3 December 2019, entitled "*General Announcement::ENTRY INTO A DEED OF AMENDMENT AND SET-OFF*";
  - (e) dated 3 December 2019, entitled "*General Announcement::TERMINATION OF THE SHAREHOLDERS' AGREEMENT AND THE DEED OF SALE AND PURCHASE*";
  - (f) dated 9 March 2021, entitled "*Response to SGX Queries::*";
  - (g) dated 3 August 2021, entitled "*Response to SGX Queries::*";
  - (h) dated 11 August 2021, entitled "*Response to SGX Queries::*"; and
  - (i) dated 14 August 2021, entitled "*Financial Statements and Related Announcement::Third Quarter Results*".

**Singapore Exchange Regulation Pte. Ltd.**

Company Reg No. 201709600D  
(A wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589  
main: +65 6236 8888

[sgx.com](http://sgx.com)

Singapore | Beijing | Chicago | Hong Kong | London | Mumbai | New York | San Francisco | Shanghai | Tokyo

**2. Proposed acquisition of (a) 45% of the interest in First Linkage Inc (“First Linkage”) and (b) Xinjiang Zhongtong Internet Science and Technology Development Co., Ltd. (“XJZT”)**

**2.1 Proposed acquisition of 45% of the interest in First Linkage Inc**

On 15 March 2018, the Company announced that an indirectly wholly-owned subsidiary of the Company, LottVision Internet Management Limited (“**LottVision Internet Management**”) had entered into a deed of sale and purchase (the “**Deed of S&P**”) and a shareholders’ agreement (the “**SHA**”) with Mr. Wang Xiaoxin (the “**Vendor of First Linkage**”) in connection with the proposed acquisition of 45% of the issued and paid-up shares of First Linkage Inc. (“**First Linkage**”)(the “**Proposed Acquisition of First Linkage**”) for the purchase consideration of RMB 90,000,000.

The Proposed Acquisition of First Linkage is intended to enable the Group to undertake the business of Beijing Shengyuantong Science and Technology Development Co., Ltd. (“**SYT**”). SYT is a Chinese Tier 3 internet service provider (“**ISP**”) headquartered in Beijing and is principally engaged in the provision of internet services including internet access and internet transit. First Linkage through its subsidiary, Beijing Zhonglian Shengtong Internet Technology Co., Ltd. (“**ZLST**”), had entered into various contractual agreements (the “**VIE Agreements**”) to address the restrictions under the People’s Republic of China (the “**PRC**”) laws applicable to the business of the SYT and its subsidiaries (collectively, the “**SYT Group**”). The VIE Agreements confer control over SYT and the economic benefits of SYT upon ZLST. Under the Proposed Acquisition of First Linkage, the Company would have had acquired a 45% indirect interest in ZLST.

On 10 February 2019, the Company announced that it had received a letter from the SGX RegCo (the “**Response Letter**”), stating that pursuant to Listing Rule 1405(1)(c) of the SGX-ST Listing Manual, SGX RegCo had rejected the Company’s application on the circular clearance for the Proposed Acquisition of First Linkage. In the Response Letter, the SGX RegCo stated that in evaluating business or ownership structures that are used to comply with foreign ownership restrictions, the SGX RegCo takes into consideration, amongst other things, the policy considerations set out in the SGX Listing Decision LD-2018-02 (the “**Listing Decision**”) and in particular, paragraphs 4(B) and 4(C) of the Listing Decision.

**2.2 Proposed acquisition of XJZT**

On 21 June 2019, the Company announced that it has entered through LottVision Internet Management, into a sale and purchase agreement with First Linkage in connection with the acquisition of 100% of the equity interests of Xinjiang Zhongtong Internet Science and Technology Development Co., Ltd. (“**XJZT**”) from ZLST, for the aggregate consideration of RMB 50,000,000 (the “**Proposed Acquisition of XJZT**”).

**2.3 Set-off of consideration for the Proposed Acquisition of XJZT, against the remaining deposit for the Proposed Acquisition of First Linkage which was terminated**

On 3 December 2019, in relation to the Proposed Acquisition of XJZT, the Company announced that LottVision Internet Management, First Linkage and Mr. Wang Xiaoxin, the sole shareholder of First Linkage have entered into a deed of amendment and set-off (the “**Deed**”) to further set out the parties’ intentions in respect of, inter alia, the payment of the purchase consideration for XJZT of RMB 50,000,000.

In connection with the Proposed Acquisition of First Linkage, the parties thereto had agreed for LottVision Internet Management, to provide a refundable deposit of an aggregate amount of HK\$ 91.4 million to Mr. Wang Xiaoxin.

On 3 December 2019, the parties terminated the Proposed Acquisition of First Linkage; and thereby agreed that Mr. Wang Xiaoxin shall refund the deposit in full to LottVision Internet Management, without any interest thereon. The balance of the deposit then to date which remained to be refunded by Mr. Wang Xiaoxin was HK\$ 66.8 million.

Pursuant to the Deed, the remaining deposit shall be applied towards the payment of the purchase consideration for XJZT.

However, it is noted that the Proposed Acquisition of XJZT was subsequently terminated.

#### 2.4 Proposed settlement with Mr. Wang Xiaoxin

On 9 March 2021, in response to queries from SGX RegCo, the Company said it had reached an in-principle agreement with Mr. Wang Xiaoxin whereby he will repay the outstanding refundable deposit over 4 years ("**Proposed Settlement**").

On 3 August 2021, in response to follow-up queries from SGX RegCo, the Company said that it targets to execute a definitive agreement relating to the Proposed Settlement before the end of the financial year ended 30 September 2021.

Also, Mr. Haimin Xu, the Company's non-executive director was appointed the legal representative of SYT, ZLST and XJZT when the Company advanced the payments pursuant to the Proposed Acquisition of First Linkage. The Company subsequently disclosed in its announcement of 11 August 2021 that Mr. Haimin Xu only remains as the legal representative of ZLST and XJZT.

In this regard, it is noted that Mr. Haimin Xu is no longer the legal representative of SYT. As stated above, the Company had entered into the Proposed Acquisition of First Linkage, for which the significant refundable deposit was made, so as to undertake the business of SYT through the VIE Agreements. The Company had also disclosed that SYT has the most significant operations and business activities as compared with ZLST and XJZT.

On 14 August 2021, the Company announced in its condensed interim financial statements for the third quarter and nine months ended 30 June 2021, that Mr. Wang Xiaoxin had refunded HK\$ 870,000 for the quarter. The Company is awaiting the remaining refund of HK\$ 59.2 million from Mr. Wang Xiaoxin.

### 3. **The advance payments of RMB 26,810,000 to Chengdu Mili Tianyuan Agriculture Co. Ltd. ("**MLTY**")**

3.1 On 11 August 2021 in response to SGX RegCo's queries, the Company submitted that the HK\$ 31,961,000 advances to third parties and suppliers mainly represented RMB 26,810,000 advances to Chengdu Meili Tianyuan Agriculture Co. Ltd. ("**MLTY**") since 2018. MLTY is an associate of the customers of NutryFarm (Chengdu) Biomedicine Ltd ("**NFC**") and maintains influence over the two customers. The Company and its subsidiaries (collectively, the "**Group**")

is the 100% shareholder of NFC. The Company also updated that MLTY did not repay the advances since late 2019.

- 3.2 In this regard, it is noted that the Group's net current assets and net asset value is HK\$ 78,334,000 and HK\$ 32,265,000 respectively as at 30 June 2021.

#### **4. SGX RegCo's Directives**

- 4.1 Listing Rule 1405 provides that the Exchange may exercise administrative powers for the purposes of ensuring that the market is fair, orderly and transparent. In this regard, the Exchange may, inter alia require an issuer to appoint special auditors, additional auditors, compliance advisers, legal advisers or other independent professionals for specified purposes under Listing Rule 1405(1)(f).

- 4.2 SGX RegCo is concerned about the significant refundable deposit of HK\$ 91.4 million made in relation to the Proposed Acquisition of First Linkage and the significant advances of RMB 26,810,000 made to MLTY, the associate of two of NFC's customers.

- 4.3 In light of the above developments, SGX RegCo hereby requires the Company to appoint a suitable independent reviewer to conduct an investigation into the following:-

(a) the facts and circumstances surrounding the Proposed Acquisition of First Linkage. This should include an assessment into the:- (i) payment of the refundable deposit by LottVision Internet Management amounting to HK\$ 91.4 million, to Mr. Wang Xiaoxin in connection with the Proposed Acquisition of First Linkage; and (ii) recovery of the refundable deposit from Mr. Wang Xiaoxin;

(b) the facts and circumstances surrounding the Proposed Acquisition of XJZT; and

(a) the facts and circumstances surrounding the advance payments of RMB 26,810,000 to MLTY.

- 4.4 In this regard, please note that:-

(a) the independent reviewer to be appointed and the scope of the independent review are subject to SGX RegCo's approval; and

(b) the independent reviewer should report its findings directly and solely to SGX RegCo.

- 4.5 Pursuant to Listing Rule 1405(4), failure to comply with the requirements imposed by SGX RegCo shall be deemed to be a contravention of the Listing Rules.

- 4.6 Please note that compliance with this Notice does not constitute a waiver of any kind, and SGX RegCo reserves the right to take disciplinary action against the Company and/or any Relevant Person(s) for breaches of the Listing Rules, including any failure to comply with the requirements imposed by SGX RegCo.



Yours faithfully

June Sim  
Senior Vice President  
Head, Listing Compliance  
SGX RegCo