

NUTRYFARM INTERNATIONAL LIMITED

(Company Registration Number: 32308)

(Incorporated in Bermuda)

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE ENTRY INTO THE LOAN FACILITY AND GUARANTEE

The Board of Directors (the “**Board**”) of NutryFarm International Limited (the “**Company**”), and together with its subsidiaries, refers to its announcement dated 30 October 2017 (the “**Announcement**”) on a loan facility for up to S\$20 million (the “**Loan Facility**”) entered into by the Company with Furong Corpbond II Ltd (the “**Lender**”) and Furong Investments Pte. Ltd. (“**Furong Investments**”) pursuant to an agreement (the “**Loan Agreement**”) entered into by and between the Company and the Lender. In this regard, the Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited on 31 October 2017 (the “**SGX Queries**” and each an “**SGX Query**”) as follows:

SGX Query (a)

Please provide the profile information of Furong Corpbond II Ltd and Furong Investments Pte. Ltd. including and not limited to information relating to the places of incorporation, principal activities, shareholders and directors.

Company’s Response to SGX Query (a)

Furong Investments (Company Registration No. 201018336Z) is a company incorporated in Singapore with its registered office address at 5 Temasek Boulevard, #15-02 Suntec Tower Five, Singapore 038985. The principal activity of Furong Investments is investment and finance. Niu Liming and Chen Mingliang are the shareholders and directors of Furong Investments.

The Lender (Company Registration No. 1956774) is a company incorporated in British Virgin Islands as a BVI Business Company with its registered office address at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The principal activity of the Lender is investment and finance. The sole shareholder of the Lender is Niu Liming and the directors of the Lender are Chen Mingliang and Niu Liming.

SGX Query (b)

Please clarify the relationship between Furong Corpbond II Ltd and Furong Investments Pte. Ltd.

Company’s Response to SGX Query (b)

The Lender is a special purpose vehicle managed by Furong Investments and the Lender has one of the same directors and substantial shareholders with Furong Investments Group.

SGX Query (c)

What is the respective role of Furong Corpbond II Ltd and Furong Investments Pte. Ltd. in the Loan Facility?

Company’s Response to SGX Query (c)

The Lender is managed by Furong Investments and its role in the transaction is to raise the fund from investors and facilitate the loan funding to the Company.

SGX Query (d)

What are the factors considered by the Company's Board of Directors in relation to the execution of the loan facility?

Company's Response to SGX Query (d)

The Board had considered that the Loan Facility could enable the Company to consider and take advantage of more opportunities for potential investment(s) and business expansion, and that the proposed drawdown would be at the option of the Company.

SGX Query (e)

Please advise as to how the Company has been introduced to Furong Corpbond II Ltd and Furong Investments Pte. Ltd.

Company's Response to SGX Query (e)

Furong Investments and the Lender were introduced to the Company through business associates of the Company in the Company's exploration for potential investment and business expansion. Further, the Company noted that Furong Investments is an investment fund management company registered in Singapore.

SGX Query (f)

Please clarify as to whether the loan facility is being entered into with interested person(s) and provide the necessary disclosures under Chapter 9 of the SGX-ST Listing Manual, if applicable.

Company's Response to SGX Query (f)

The Company confirms that the Loan Facility is not entered into with any interested person(s).

SGX Query (g)

Please confirm as to whether there is any connection (including any business relationship) between the Lender and/or the Furong Investments, their directors and substantial shareholders with the Company and its directors and substantial shareholders.

Company's Response to SGX Query (g)

The Company confirms that there is no connection (including any business relationship) between the Lender and/or the Furong Investments, their directors and substantial shareholders with the Company and its directors and substantial shareholders.

SGX Query (h)

Please clarify what are the salient/material terms and conditions of the loan facility.

Company's Response to SGX Query (h)

The Lender is to make available to the Company the Loan Facility for up to SGD20 million in several tranches on the terms and conditions of the Loan Agreement, each upon the written request by the Company which shall be in a multiple of SGD200,000 and not less than SGD1 million. The Lender shall upon the written request by the Company either disburse the tranche as specified in the written request or notify the Company in writing that it declines to disburse the tranche as specified in the

written request, stating the specific reasons(s) therefor, in which event the Lender shall not be obliged to disburse the tranche as specified in the written request.

The principal amount of each tranche and all outstanding interest thereon shall be repaid by the Company upon the fourth (4th) anniversary of the date that such tranche is disbursed.

A simple interest of 6.25% per annum in respect of each tranche is payable by the Company on the date falling on each yearly anniversary of the date on which such tranche was received by the Company until the date that the principal amount of such tranche is fully repaid.

The Company shall also pay an arranger fee of 3.5% of the amount of each tranche to the Lender, and such arranger fee shall be deducted from the amount drawn on the relevant tranche.

SGX Query (i)

It is stated in the Announcement *“In connection with the Loan Agreement, LottVision (Hong Kong) Limited, a wholly-owned Hong Kong-incorporated subsidiary of the Company, has, on 30 October 2017, executed a guarantee with the Lender and Furong Investments to guarantee the payment obligations of the Company under the Loan Agreement.”*

In this regard, please clarify whether:-

- i. LottVision (Hong Kong) Limited being the guarantor is able to repay the amounts owed to the Lender and Furong Investments, please provide the basis for the Company and Board's view; and
- ii. LottVision (Hong Kong) Limited is a principal subsidiary of the Company.

Company's Response to SGX Query (i)

- i. The guarantee was provided by LottVision (Hong Kong) Limited pursuant to a request by Furong Investments and the Lender. The Company and the Board are of the view that LottVision (Hong Kong) Limited should be able following a drawdown of the Loan Facility to repay the amounts owed to the Lender and Furong Investments with LottVision (Hong Kong) Limited's assets in China. The Company confirms that it will only drawdown on the Loan Facility when it is satisfied that the Company and/or the LottVision (Hong Kong) Limited is capable of repaying the Loan Facility.
- ii. The Company confirms that LottVision (Hong Kong) Limited is not a principal subsidiary of the Company as the latest audited consolidated pre-tax profits (excluding the minority interest relating to LottVision (Hong Kong) Limited) of LottVision (Hong Kong) Limited accounts for less than 20% of such pre-tax profits of the Company group. The principal subsidiaries of the Company are NutryFarm Biomedicine International Limited and NutryFarm (Chengdu) Biomedicine Ltd.

BY ORDER OF THE BOARD

Paul Gao Xiangnong

Chief Executive Officer and Executive Director
2 November 2017