

**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 the Company’s announcement dated 4 January 2022 titled “*Change – Announcement of Cessation::RESIGNATION OF NON-EXECUTIVE DIRECTOR*” (the “**4 January 2022 Announcement**”) and the announcement dated 4 October 2021 titled “*ENTRY INTO REPAYMENT AGREEMENT AND EQUIPMENT REFUND AGREEMENT*” (the “**4 October 2021 Announcement**”) (collectively, the “**Announcements**”).

The Board would like to respond to the queries raised by the Singapore Exchange Securities Trading Limited on 5 January 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 Queries.**

It is stated amongst others in the 4 January 2022 Announcement:-

“Mr Xu was appointed the legal representative of Xinjiang Zhongtong Internet Science and Technology Development Co., Ltd and Beijing Zhonglian Shengtong Network Technology Co., Ltd, due to proposed acquisition of 45% of First Linkage in 2018 (“Proposed Acquisition”) as the Company’s representative. Accordingly, he has resigned from the positions as well. Since, the proposed acquisition is terminated in December 2019 and the Company has reached a settlement agreement with Mr Wang Xiaoxin in September 2021, there will not be any replacement appointment from the Company.” (emphasis added)

It is stated amongst others in the 4 October 2021 Announcement:-

“Under the Repayment Agreement, the parties noted that as at 30 June 2021, the outstanding due from WXX for the refundable deposit paid to WXX and his affiliated persons in connection with the terminated acquisition of First Linkage Inc was HK\$59.2 million. The parties agreed that WXX shall refund the sum of RMB60.0 million to Lottvision over a 3.5-year period running from 1 October 2021 as full and final settlement of the outstanding amounts. The first payment of RMB7.5 million will be made within thirty (30) days from the date of Repayment Agreement. WXX will then pay to LottVision a sum of RMB7.5 million on or before 31 March 2022 and every six months henceforth until the final payment on 31 March 2025.....”

Under the Equipment Refund Agreement, the parties agreed that ZLST shall refund to Wivision the total sum of RMB33,500,000 over a 3.5-year period running from 1 October 2021 for the return of the internet hardware and software equipment acquired from ZLST in April 2019. ZLST shall pay to Wivision (i) the sum of RMB1.5 million within five (5) working days from the date of the Equipment Refund Agreement; and (ii) the sum of RMB8 million on 31 March 2022. ZLST will then pay a sum of RMB8 million on 31 March of each year until the final payment on 31 March 2025.” (emphasis added)

Please clarify:-

- a) Whether the repayments were received as scheduled in the Repayment Agreement and the Equipment Refund Agreement?
- b) What are the safeguards to ensure the recoverability of the refundable deposit and equipment refund under the Repayment Agreement and the Equipment Refund Agreement respectively, in view of the resignation of Mr. Xu Hai Min as the Company’s legal representative of Xinjiang Zhongtong Internet Science and Technology Development Co., Ltd and Beijing Zhonglian Shengtong Network Technology Co., Ltd?

- c) How is the Board of Directors satisfied about the recoverability of the refundable deposit and equipment refund under the Repayment Agreement and the Equipment Refund Agreement respectively?

**Company's Response to SGX Queries.**

- a) The first tranche of the Equipment Refund Agreement has been received by the Group as scheduled. The first tranche of the Repayment Agreement is still outstanding and the Group has been in communications with Xiaoxin Wang to seek payment of the same.
- b) Firstly, to clarify, Mr Xu Haimin's resignation as the Company's legal representative of Xinjiang Zhongtong Internet Science and Technology Development Co., Ltd and Beijing Zhonglian Shengtong Network Technology Co., Ltd is unrelated to, and has no bearing on the recoverability of the refundable deposit and equipment refund under the Repayment Agreement and the Equipment Refund Agreement respectively.

Since Mr Xu Haimin has resigned as Non-Executive Director of the Company, the Company naturally has to accede to his resignation as the Company's legal representative of Xinjiang Zhongtong Internet Science and Technology Development Co., Ltd and Beijing Zhonglian Shengtong Network Technology Co., Ltd. In any event, as previously announced on 3 August 2021 and 11 August 2021, the Company saw Mr Xu's continued appointment as such legal representative as being useful mainly for the purpose of securing definitive binding agreement(s) on the terms of the settlement with Xiaoxin Wang, which the Company achieved with the execution of the Equipment Refund Agreement and the Repayment Agreement on 30 September 2021.

- c) The Board will have to continually assess the situation to determine the recoverability of the refundable deposit and equipment refund under the Repayment Agreement and the Equipment Refund Agreement respectively and, if necessary, take the appropriate steps to either pursue legal action for recovery of the outstanding amounts due and/or make provision for all or any part of such outstanding amounts.

To recapitulate, at the time of entry of the Repayment Agreement and the Equipment Refund Agreement, nothing had come to the attention of the Board to suggest that Xiaoxin Wang would not be willing or able to pay, and/or that the Company would otherwise not be able to recover the refundable deposit and the equipment refund in accordance with the terms of the Repayment Agreement and the Equipment Refund Agreement, and the Board had considered it to be in the interests of the Company to enter into the Repayment Agreement and the Equipment Refund Agreement to seek recovery of the refundable deposit.

Since then, the Company has received a partial but not all the payments which Xiaoxin Wang was supposed to make under the terms of the Repayment Agreement and the Equipment Refund Agreement, and depending, *inter alia*, on the outcome of the Company's discussions with Xiaoxin Wang, the Board will determine the possible course of action(s) available to the Company to enforce payments which will in turn determine the recoverability of the refundable deposit and the equipment refund.

The Board will update the shareholders as and when there are further developments and/or in its upcoming financial announcements in relation to the recoverability of the refundable deposit and the equipment refund.

**BY ORDER OF THE BOARD**

**Lim Boo Hiong**

Acting Chief Financial Officer And Joint Company Secretary  
7 January 2022