

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

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**RESPONSES TO SUBSTANTIAL AND RELEVANT  
QUESTIONS SUBMITTED BY SHAREHOLDERS  
FOR THE ANNUAL GENERAL MEETING ON 26  
FEBRUARY 2021**

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The Board of Directors (the “**Board**”) of NutryFarm International Limited (the “**Company**”) refers to the questions submitted by shareholders prior to the Company’s upcoming annual general meeting to be held on 26 February 2021 at 9.00am and would like to provide the following responses to the substantial and relevant questions received by the Company:

- Q1: The company currently has 2 "core" business running, namely Nutryfarm, the nutritional product business, and Lottvision, the internet business. Now the company is looking to diversify into the trading of durians. So going forward we are looking at 3 different business units that I don't see having any synergistic values that complement each other. May I know if the board has plans to divest or dispose the 2 loss-making business units and focus on the durian business with Mr. Cheng Meng's experience and capabilities in the industry?**

**Company’s Response:**

The Company had strong intention to diversify into the “internet business” via LottVision in 2018 with its initial proposed acquisition of First linkage Inc. After its unexpected rejection by the SGX in early 2019, its subsequent proposed acquisition of Xinjiang Zhongtong, the approval of which was pending for more than one year and the Company had no alternative but to withdraw the application in early 2021. The unexpected failure in obtaining regulatory approval on both the above-mentioned proposed acquisitions has forced the Company to give up the original business diversification plan into the internet business in PRC. As such, the Company’s core business at time of this Annual General Meeting still rests on its nutritional product business in the PRC.

The opportunity to venture into value-added processing and trading of fruits, is now being considered as a viable business diversification of the Company. As such, the Company will be seeking shareholder’s approval for the diversification into the fruit trading business to enhance the long-term economic benefits of our shareholders going forward.

Whether the existing core nutritional products business will be divested would depend on the Company’s post COVID-19 pandemic business performance and the level of success of our new fruit trading business.

- Q2: For the past 2 years, the company has acquired a significant amount of "Internet Business Assets" but generated negligible revenue or profits from the Internet business. Can the board explain the rationale behind the significant purchases of Internet Business Assets?**

**Company’s Response:**

The Company purchased those assets to facilitate the internet business in FY2019 in order to catch the opportunities of internet business which was expected to contribute profits to the Company upon the completion of the proposed First Linkage acquisition. However, with the rejection of First Linkage acquisition and the withdrawal to acquire Xinjiang Zhongtong, the Company is now negotiating to sell those internet related assets back to the vendor.

- Q3: The 3rd party loan undertaken to finance the supposed purchase of First Linkage INC. and Xinjiang Zhongtong has significantly weakened the company's balance sheet. Based on the latest financial statement update, the company is allowing Mr. Wang Xiaoxin to repay the deposit in installment in the next 3 years. Can I understand the rationale behind this because the company is paying interest on the 3rd party loan which was used to pay the deposit to Mr. Wang Xiaoxin and yet the company is allowing Mr. Wang Xiaoxin to repay in 3 years' time? The company will in a way be financing Mr. Wang Xiaoxin in the next 3 years with 0% interest to him and the company is unable to deploy this cash for better business opportunity to create wealth for the shareholders?**

**Company's Response:**

The advance to the vendor was because of the unexpected long SGX approval period since March 2018. The Company had expected to take up the internet-related business in 2019. During the period, Mr. Xiaoxin Wang gave up lots of other opportunities to cooperate with the Company delay. As such, the Company was supportive of him and took every effort to maintain the opportunity of the Company for the future internet business. Unfortunately, the proposed acquisition of First Linkage Inc. was rejected by SGX in February 2019, which was almost one year after the application for a newly released rule in December 2018. After that, the Company applied for the proposed acquisition of Xinjiang Zhongtong Internet Science and Technology Development Co., Ltd. in June 2019. Until January 2021, the circular of the proposed acquisition of Xinjiang Zhongtong had not been approved yet. The Company withdrew the application on 21 January 2021.

During the above period, Mr. Xiaoxin Wang had continuously waited and cooperated with the Company to provide sufficient information and necessary safeguards which had been disclosed in note 23 of the annual report. The Company is still in the process of negotiating with Mr. Xiaoxin Wang for the refund of the advances. To date, Mr Xiaoxin Wang has recognised the liability. Up to now, Mr. Xiaoxin Wang already refunded RMB24.4 million which is approximately 31.6% of the total advances amount. The Company reasonably believes that Mr. Xiaoxin Wang could refund based on the 3-year schedule.

Considering the long delay was largely due to the Company's regulatory process, imposing an interest element to the loan or a shorter timeline may result in an expensive cross-border recovery process that may not be to the favour of the Company and/or the shareholders. Nevertheless, subject to the on-going negotiations with Mr Xiaoxin Wang, the Company will consult its advisors as to the best means forward.

**BY ORDER OF THE BOARD**

**Cheng Meng**

Chief Executive Officer and Executive Director

25 February 2021