

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

UPDATE ON POTENTIAL DEVELOPMENTS RELATING TO AMOUNTS OWING TO CORPBOND IV LTD

The Board of Directors (the “**Board**”) of NutryFarm International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to provide an update to shareholders of the Company (“**Shareholders**”) in relation to potential developments to the third-party loans of an aggregate principal amount of approximately HK\$126.9 million as at 30 June 2021 as disclosed on 14 August 2021.

Possible Restructuring of the Corpbond Loans

As previously announced on 3 August 2021, these third-party loans were originally from two companies, New Star Education Limited (“**New Star**”) and Furong Corpbond II Ltd (subsequently renamed Corpbond IV Ltd) (collectively the “**Corpbond Loans**”). Corpbond Loans are made up of 12 tranches, disbursed to the Company between 17 April 2017 to 13 November 2018, including 5 tranches which were originally disbursed to the Company by New Star but transferred by way of novation by New Star to Corpbond IV Ltd (“**Corpbond**”) on 29 January 2021 (the “**Transfer**”).

The Corpbond Loans will expire between March 2022 to November 2022, and the Company has been in discussions with Corpbond to explore the possibility of restructuring the Corpbond Loans into convertible bonds with a new maturity date beyond 2022 (“**Possible Restructuring of the Corpbond Loans**”).

Such discussions, if successful, will enable the maturity date of the Corpbond Loans to be extended, with the possibility of the Company’s balance sheet being strengthened should the convertible bonds be converted to equity (whether in whole or in part).

As at the date of this announcement, the Company has yet to reach any definitive agreement with Corpbond in relation to the Possible Restructuring of the Corpbond Loans. Shareholders should note that there is no guarantee or assurance that the Company will be able to reach a definitive agreement with Corpbond on the Possible Restructuring of the Corpbond Loans, and what may be the relevant terms thereof.

Pre-action discovery proceedings commenced against the Company

On 14 December 2021, the Company was served with an application to the Singapore High Court for a Court order that the Company disclose certain documents relating to, *inter alia*, the Corpbond Loans and the Transfer. The application was made by an individual who has alleged *inter alia*, that he had provided funding to New Star for the loans originally disbursed by New Star to the Company.

Prior to commencement of the proceedings, the individual had written to the Company to request for these documents. However, amongst other reasons, the Company’s confidentiality obligations in relation to these documents prevents the Company from disclosing these documents without a Court order.

The Company has appointed legal advisers to represent the Company in relation to the proceedings before the High Court. The Company understands that the relief sought by the individual in these proceedings relates only to whether the Company is required to disclose these documents to the individual and does not concern the merits of the allegations made by the individual.

No claim or demand has been initiated by the individual against the Company at this time.

Query from the Singapore Exchange Securities Trading Limited (“SGX-ST”) in relation to unusual price movements on 10 January 2022 and subsequent developments

On 10 January 2022, the Company received a query from the SGX-ST, *inter alia*, as to whether it may be aware of any reasons for the unusual price movements in the Company’s shares, including whether the Company may be aware of any information not previously disclosed which, if known, might explain the trading or the unusual price movements in the Company’s shares (“**SGX Query**”).

At that time, the Company replied in the negative to the SGX Query, *inter alia*, as the Board was of the view that it was premature to disclose the information relating to the Possible Restructuring of the Corpbond Loans and the pre-action discovery proceedings, for reasons as elaborated above, and such information was not material or likely to have been the cause of the trading activity and unusual price movements.

Subsequent to the SGX Query, the Company’s shares experienced significant price movements over the course of 17 January 2022 and 18 January 2022, prompting the Company to call for a trading halt on 18 January 2022.

The Company considered it prudent to call for a trading halt to enquire and ascertain with Corpbond if there may be any potential or significant developments in relation to the discussions on the Possible Restructuring of the Corpbond Loans which the Company may not be aware of.

Shareholders and potential investors of the Company are advised to exercise caution when trading in the Shares in relation to this announcement. When in doubt as to the action they should take, Shareholders and potential investors of the Company should consult their financial, tax or other professional adviser immediately.

By Order of the Board

Cheng Meng
Chief Executive Officer and Executive Director
20 January 2022