

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

RECEIPT OF SETTLEMENT AGREEMENTS

The Board of Directors (the “**Board**”) of NutryFarm International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that on 23 May 2022, the Company received of two settlement agreements from the Finance Manager of Global Agricapital Thailand Co Ltd (“**GAT**”).

1) Settlement agreement between GAT and Moonda (Beijing) Agricultural Science and Technology Co., Ltd (“**Moonda**”) dated 27 January 2022 (“**Settlement Agreement 1**”) under the laws of the People’s Republic of China (“**PRC**”); and

2) Settlement agreement between GAT and China Railway Production Control (Chengdu) Industrial Co., Ltd (“**China Railway**”) dated 28 January 2022 (“**Settlement Agreement 2**”) under the laws of the People’s Republic of China (“**PRC**”).

(collectively, Moonda and China Railway referred to as the “**Customers**” and Settlement Agreement 1 and Settlement Agreement 2 referred to as the “**Settlement Agreements**”)

In Settlement Agreement 1, reference was made to a purchase agreement entered into between GAT and Moonda whereby the parties had renegotiated the procurement quantity of Thailand fresh durian to be procured by Moonda between 1 July 2021 and 31 December 2021 from 300 to 200 containers. During this period, GAT delivered 44 containers, resulting in a delivery shortfall of 156 containers. The shortfall was due to GAT reducing delivery quantities as it was unable to ensure the quality of the Thailand fresh durians during shipment because of shipping delays and/or restrictions imposed by the PRC Customs to control COVID-19. As a result, GAT is to compensate Moonda RMB15,600,000 for the economic losses from amongst other reasons, cost from loss of market share and cost of restoring consumer confidence. According to Settlement Agreement 1, the compensation amount is to be paid by GAT on or before 30 July 2022, failing which a penalty of 0.05% of the outstanding amount will be levied per day on the first fifteen (15) days after the due date, and thereafter a penalty of 10% of the outstanding amount will be levied per day. Furthermore, subject to the agreement and consent by Moonda for GAT to continue supplying Moonda with Thailand fresh durians, and should GAT make up for the delivery shortfall of the 156 containers between 1 January 2022 and 30 July 2022, Moonda may waive the compensation amount and penalties at its discretion.

Similarly, in Settlement Agreement 2, reference was made to a purchase agreement entered into between GAT and China Railway whereby the parties had renegotiated the procurement quantity of Thailand fresh durian to be procured by China Railway between 1 January 2021 and 31 December 2021 from 600 to 400 containers. During this period, GAT delivered 222 containers, resulting in a delivery shortfall of 178 containers. The shortfall was due to GAT reducing delivery quantities as it was unable to ensure the quality of the Thailand fresh durians during shipment because of the shipping delays and/or restrictions imposed by the Chinese Customs to control COVID-19. As a result, GAT is to compensate China Railway RMB17,800,000 for the economic losses from amongst other reasons, cost from loss of market share and cost of restoring consumer confidence. According to Settlement Agreement 2, the compensation amount is to be settled firstly by offsetting a trade amount of THB87,134,348 (approximately RMB17,426,869) due from China Railway to GAT, and with the remaining balance (of approximately RMB373,131) to be paid by GAT on or before 30 August 2022, failing which a penalty of 0.05% of the outstanding amount will be levied per day after the due date. Furthermore, subject to the agreement and consent by China Railway for GAT to continue supplying China Railway with Thailand fresh durians, and should GAT make up for the delivery shortfall of the 178 containers between 1 January 2022 and 30 August 2022, China Railway may waive the compensation amount and penalties at its discretion.

The Settlement Agreements were executed on behalf of GAT by Cheng Meng, the ex-CEO and ex-director of the Company. Cheng Meng is also the Executive Director of GAT. Prior to the receipt of the Settlement Agreements by the Company from the Finance Manager of GAT, the Company including its management and Board, were never informed nor consulted of such negotiations or discussions with the Customers, and there were neither any information, notifications nor indications that the Settlement Agreements including the terms therein, were contemplated and agreed.

As far as the Board is aware, based on the purchase agreements with the Customers as announced on SGX-ST on 29 January 2021 and 21 June 2021, the purchase agreements provide for an estimated quantity in terms of number of containers that the Customers are expected to procure together with an estimated value for the purchase agreements which is only determined and agreed at the time when the Customers places their orders in batches. Whilst the purchase agreements provided for GAT to ensure the quantity of shipments from the delivery origin (including quality at delivery origin and during transportation), there are no commitments or requirements on minimum quantity and/or delivery by GAT and no compensation clauses. The Company is currently investigating if there are any other purchase agreements which the Company was not aware of, as well as the veracity and authenticity of the Settlement Agreements, including whether Cheng Meng had willfully withheld such information from the Board and executed such agreements without the Board's approval.

As announced on 13 February 2022, the Board has removed Cheng Meng's appointment as CEO on 11 February 2022 and ringfenced his authority to only within the Thailand durian business. Cheng Meng has also ceased to be a director of the Company on 1 April 2022. Accordingly, the Board holds Cheng Meng personally responsible for the Settlement Agreements, including the compensation and penalty amounts therein, all economic and financial losses suffered and that will be suffered by the Company and the Group, and any fiduciary and regulatory breaches as a result of his own actions. Notwithstanding, the Company will be considering various options including but not limited to taking legal actions against Cheng Meng.

The Company will release further announcements via SGXNET as and when there are material developments in relation to the above.

Trading in the Company's securities on the SGX-ST had been voluntarily suspended by the Company since 11 April 2022.

BY ORDER OF THE BOARD

Wu Yongqiang
Executive Chairman
27 May 2022