

NFM GROUP LIMITED
ARBN 608 103 678



NFM GROUP LIMITED

(ARBN: 608 103 678)

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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1. CORPORATE GOVERNANCE STATEMENT

The Board has the responsibility of ensuring that the Company is properly managed so as to protect and enhance shareholders' interests in a manner that is consistent with the Company's responsibility to meet its obligations to governance policies with which it interacts. The Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and nature of activities.

The main corporate governance policies are summarised below:

Director's Access to Independent Advice

It is the Board's policy that any committees established by the Board should:

- Be entitled to obtain independent professional or other advice at the cost of the Company, unless the Board determines otherwise;
- Be entitled to obtain such resources and information from the Company including direct access to employees of and advisers to the Company as they might require;
- Operate in accordance with the terms of reference established by the Board.

Audit Board and Risk Management Committee

The Board meets with the external auditors at least once a year. The specific activities include assessing and monitoring:

- The adequacy of the Company's internal controls and procedures to ensure compliance with all applicable legal obligations;
- The adequacy of the financial risk management processes;
 - i. The appointment of the external auditor
 - ii. Any reports prepared by the external auditor
 - iii. Listing rules with the external auditor

Remuneration Committee

The Board in fulfilling its responsibilities to shareholders by:

Reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;

The Board ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration.

Management Succession Planning Committee

The Board will monitor this development:

- Maintaining a Board that has an appropriate mix of skills and experience to be an effective decision making body; and
- Ensuring that the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law, and the highest standards of corporate governance.

2. DIRECTOR'S REPORT

The Directors of NFM Group Limited present their report on the Company for the financial period ended 31 December 2017.

Directors

The names of directors in office at any time during or since the end of the period are:

- Mr. Zheng Bowen
- Mr. Zheng Jianfu
- Mr. Zhang Ye
- Mr. Xiao Feng
- Mr. Liang Shuai

Mr. Zheng Bowen has been a director from incorporation on 20 July 2015 and continued until the date of this report.

Mr. Zheng Jianfu has been a director from incorporation on 20 July 2015 and continued until the date of this report.

Mr. Zhang Ye has been a director from incorporation on 20 July 2015 and continued until the date of this report.

Mr. Xiao Feng has been a director from incorporation on 20 July 2015 and continued until the date of this report.

Mr. Liang Shuai has been a director from incorporation on 20 July 2015 and continued until the date of this report.

Registered Agent and Registration Office (BVI)

The Company's registration agent from 20 May 2014 has been held by Maninvest Xing Zhong (Shanghai) Consulting Company Limited.

Company Secretary

The position of company secretary from 15 May 2016 has been held by Mr. Wang Jifu.

Share Registrar

The Company's share registrar has been by BoardRoom Pty Limited since 04 January 2016.

Principle Activities

The principle activities of the Company and its Subsidiary are: organizing culture and art activity; undertaking exhibition, design, production, advertising agents and advertising; corporate image planning, film and television planning, literary, artistic creation, and conference services

Our Business and Objectives

NFM has frequently in touch with customers to provide digital media and event management services, which has generated revenue to sustain the operations of the Company. The Company will continue to perform its best to provide professional services to its customers, and to expand its customer base for better financial performance.

At same time, Company has been in discussions with a few municipal and city government on enhancing cultural art activities by designing unique concept and developing infrastructure by named of Naga City project, and the announcements were made and extracted as follow (for detail announcement, please read in National Stock Exchange of Australia's website: www.nsx.com.au - NFM webpage):

- i.) *Initialization of Global Naga City Project – 24 July 2017*
“NAGA CITY is an innovative project launched by NFM Beijing. It is an internationalized cultural creativity commercial combination space of intelligent container jointly built along with Tencent, Phoenix Technology and All-in-Pay. This is a cubic world filled with love, brightness, future, wisdom and dignity. The so-called cubic world changes tremendously, it focuses on culture and takes the variables of wisdom, technology and environmental protection, thus producing the creative format space of commerce, tourism, performance, catering and demonstration and constructing the future city that people long for. It also provides the private custom-made landing operation for the cooperation groups and creates the international exotic street with original tastes and flavors to implant in the different NAGA CITY, thus enabling the consumption groups to experience the foreign cultures including the language, traditional festival, education, product, catering and store in NAGA CITY International Town without going abroad.”
- ii.) *Strategic Partnership between Beijing News Focus Culture Development Company Limited and Beijing Phoenix Digital Technology Company Limited – 4 August 2017*
“It aims to create a win-win strategic cooperation partnership of sustainable development through the close cooperation of both companies aiming to improve the overall efficiency and to reduce cost in the construction of NAGA CITY project and other public relation activities, which enable both companies to gain more market shares in the future and create greater commercial values through cooperation.”

iii.) *Strategic Cooperation between Beijing News Focus Culture Development Company Limited and Tencent Cloud (Beijing) Company Limited – 13 October 2017*

“Beijing News Focus Culture Development Company Limited and Tencent Cloud (Beijing) Co., Ltd. will jointly promote the development idea of “smart town”, creating the smart mode for town management, smart mode for tourist service, smart experience mode for tourist residence. Both parties agree that since September 1, 2017, they will reach the strategic cooperation in five cooperation aspects, circled by “NAGA CITY+smart tourism”, “NAGA CITY+ smart park management”, “NAGA CITY+penguin smart home”, “NAGA CITY+marketing promotion”, “NAGA CITY+brand cooperation”.”

Operating Results

The Company incurred a net operating gain for the period ended 31 December 2016 of AUD (111,649).

The Company has continued to operation in media related businesses, and worked aggressively with Naga City conceptual project with strategic business partners including Beijing Phoenix Digital Technology Company Limited and Tencent Cloud (Beijing) Company Limited to realize the Naga City project in the coming year. With the realization of the planning that has taken by the Company, it targets to have better financial results.

Dividends Paid or Recommended

No dividends have been paid since the date of incorporation and the directors do not recommend the payment of a dividend.

Review of Operations

NFM Group Limited was incorporated on 20 July 2015. During the course of the period it issued an Information Memorandum to have its shares admitted for quotation on the National Stock Exchange of Australia Limited (NSX). NFM Group Limited was officially listed on the NSX on the 9th May 2016 under the stock name “NFM”.

Financial Position

The net assets of the Company during the financial period other than those disclosed elsewhere in this report.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the financial period other than those disclosed elsewhere in this report.

After Balance Date Events

There have been no events that have affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in the future since the Balance Date.

Future Developments and Business Strategies

Besides continuing to develop present business, the Company has been aggressive in discussion with various authorities to promote cultural activities which will be able to contribute to the financial bottom-line. The Company will pursue its investment objectives for the long-term benefit of members. This will require the continued review of the investment strategy that is in place and may from time to time require some changes to that strategy.

We do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of our investments. Accordingly, we do not provide a forecast of the likely results of our activities.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under the law of China, Australia or elsewhere.

Information on Directors

- I). Mr. Zheng Bowen, Executive Director and Executive Chairman and CEO**
Board member from 20 July 2015 to date

Qualification and Experience

Mr. Zheng Bowen is an Executive Director of NFM Group Limited, and is also the Executive Chairman & CEO managing the Group's operations. Mr. Zheng is an enthusiastic and talented young entrepreneur and is one of founders of New Focus Media Company Limited (NFM). He studied Finance and Economics in the Management Development Institute of Singapore (MDIS) for eight months, and then continued his studies to obtain a Doctorate of Business Administration (DBA) from the California American University of United States of America in 2010.

Upon graduation, he was employed by The Central People's Broadcasting Station as a Manager supervising the Planning Department. In 2011, he left his first job and founded New Focus Media Company Limited with core businesses in the media industry focusing on advertising. Through his innovative and creative mind-set, he has pioneered a new brand of media platform in China by implementing the interactive video customized advertising platform which has successfully gained many customers.

His charismatic and energetic leadership has led NFM to winning several awards at the prestigious BOAO Forum for the media industry. With his extended experience in

strategic and branding operations in the media industry, Mr. Zheng endeavours to expand NFM's business operations and to gain more market share as well as bringing new innovative products to his clients. Mr. Zheng, aged 31, is a resident of China

Interest in Shares and Options	:	174,930,000 CDI's
Preference Shares	:	Nil
Special Responsibilities	:	Nil
Directorships held in other listed Entities	:	Nil

II). Mr. Zheng Jianfu, Executive Director

Board member from 20 July 2015 to date

Qualification and Experience

Mr. Zhang is an Executive Director of NFM Group Limited. He graduated from The Central Party School of Economic Management of China. He has experience in business and worked with various international companies. He is an entrepreneur and a charitarian for many years.

Mr. Zhang is aged 55, and is a resident of China. He has more than 20 years of experience in different leadership roles throughout Asia that can be summarized as follow:

Period	Work Description
1995 - 1999	Marketing Director of Chongzen International Alliance Group of Taiwan, a real estate company having businesses in Asia such as Taiwan, Hong Kong and Mainland China.
1999 - 2003	Marketing Director of General counsellor of Xuanwei Group of Hong Kong.
2003 - 2005	Vice-Chairman of Charity Federation of Dalian.
2005 - 2007	He was founder and Chairman of Yuncha Hongsheng Investment Consulting Company Limited in Beijing. The company focused on investment in the industries such as real estate, mining and finance.
2007 - 2011	CEO of FAB Jingcai Enterprise Group, a company producing audio and video products for the entertainment industry.
2011 - now	One of the founders of New Focus Media Company Limited.
2014 - now	Club Minister of Business Club of Shenyang Province. This business club provides networks of interpersonal relationship with many companies.

Interest in Shares and Options	:	0 CDI's
Special Responsibilities	:	Nil
Directorships held in other listed Entities	:	Nil

III). Mr. Zhang Ye, Independent Non-Executive Director

Board member from 20 July 2015 to date

Qualification and Experience

Mr. Zhang is an Independent Non-Executive Director of NFM Group Limited, and is aged 43, a resident of China. He obtained a Master Degree in Business Administration from Victoria University of Technology joint program with Northern Transport University in 2004. He also completed IBA degree from Zhongao Business School of The Jiaotong University of Beijing in 2001.

Mr. Zhang has worked in the media industry as an advertising marketing expert for 18 years. He is the pioneer of Digital TV integrated operating platform in China, which led him to become Marketing Manager in 2004 with the China Central Television. In 2009, he joined Happy Shopping TV program, a successful radio program of China National Radio as Marketing Director and then worked his way up from Operating Director, Senior Director of Administrative Department and now is Vice - General Director of China National Radio.

Interest in Shares and Options	:	0 CDI's
Special Responsibilities	:	Nil
Directorships held in other listed Entities	:	Nil

IV). Mr. Liang Shuai, Independent Non-Executive Director

Board member from 20 July 2015 to date

Qualification and Experience

Mr. Liang is the Non-Executive Independent Director of NFM Group Limited. He obtained a Bachelor Degree majoring in Politics from the University of Chinese Armed Police Force, and was a former enforcement officer.

Presently, he is the Chairman of Huashuai (Beijing) International Investment Company Limited, and is a founding member and President of Zhongyue Brothers Media (Beijing) Technology Company Limited. Mr. Liang is also the Partner of Hongxin (Hong Kong) Industrial Company Limited.

Mr. Liang has many years of experience in the media industry which has enabled him to build a vast network of interpersonal relationship within the media industry.

Mr. Liang, aged 34, is the resident of China.

Interest in Shares and Options	:	0 CDI's
Special Responsibilities	:	Nil
Directorships held in other listed Entities	:	Nil

V). Mr. Xiao Feng, Independent Non-Executive Director
Board member from 20 July 2015 to date

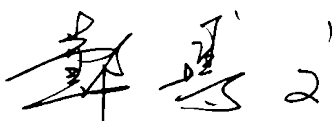
Qualification and Experience

Mr. Xiao is the Non-Executive Independent Director of NFM Group Limited, and is aged 47, is the resident of China. He graduated in 1997 from Sichuan University with a Bachelor Degree majoring in Law. He continued his studies and completed Master Degree and Doctorate Degree from the China Civil Aviation University majoring in Politics and Law in 2004. He is a qualified lawyer with Chinese Legal Certification.

He worked for Sichuan Chengdu Legal Firm as a lawyer from 1999 to 2005. After many years of legal practice and with the experience he gained, Mr. Xiao founded his legal firm with 3 other partners. Meanwhile, he serves as legal counsel for many international companies and financial institutions, one of them is METLIFE. He has also published legal journals and books such as Economic Law and Commercial Law Practical Case Analysis and Business Prevention & Control of Trap, and many others.

Interest in Shares and Options	:	0 CDI's
Special Responsibilities	:	Nil
Directorships held in other listed Entities	:	Nil

Dated: 1st April 2018



Mr. Zheng Bowen, Executive Chairman

3. REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of NFM Group Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

All issues in relation of both Executive Directors and Non-Executive Directors are dealt with by the Board as a whole.

The Constitution of NFM Group Limited requires approval by the shareholders in general meetings of a maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Directors. The amount of remuneration currently approved by shareholders for Non-Executive Directors is a maximum of USD50,000 per annum.

Non-Executive Directors hold office until such as they retire, resign or are removed from office under the terms set out in the constitution of the Company. Non-Executive Directors do not receive any performance based remuneration.

Detail of remuneration for period ended 31 December 2017

Detail of the remuneration for each Director of the Company is as follows:

	Name	Salary & Fees USD \$	Superannuation Contributions USD \$	Total USD \$
1.	Mr. Zheng Bowen	31,200	-	31,200
2.	Mr. Zheng Jianfu	21,200	-	21,200
3.	Mr. Zhang Ye	0	-	0
4	Mr. Liang Shuai	0	-	0
5	Mr. Xiao Feng	0	-	0
	Total	52,400	-	0

* Beijing New Focus Culture Development Company Limited (“NFM Beijing”), a wholly subsidiary company of NFM Group Limited paid USD\$ 31,200 to Mr. Zheng Bowen for taking the position as Executive Director & CEO, and paid USD\$ 21,200 to Mr. Zheng Jianfu for taking the position as Executive Director.

4. STOCK EXCHANGE INFORMATION

TOP 20 ORDINARY SHAREHOLDERS OF NFM GROUP LIMITED AS AT 31TH DECEMBER 2017

Top 20 Holdings as at 31-12-2017		
CDI'S NSX Escrowed 24 Months from Listing		
CHESS Depository Interests Over Fully Paid Ordinary Shares		
Name/Address 1	Shares	%
ZHENG BOWEN	174,930,000	34.986%
WAN YING	171,200,000	34.240%
DONG LI	6,000,000	1.200%
DIAO SUJIN	5,000,000	1.000%
REN JUNMEI	4,165,000	0.833%
WAN RONG	3,695,500	0.739%
LIU SHENGJUN	3,340,000	0.668%
TIEGANG LIU	3,000,000	0.600%
SHI DAN	3,000,000	0.600%
YI LI	3,000,000	0.600%
YANCHUN GE	3,000,000	0.600%
WEI FENG	3,000,000	0.600%
YING CHEN	3,000,000	0.600%
ZHONGSHUN LI	3,000,000	0.600%
QU SHENGZHI	3,000,000	0.600%
TONG DAWEI	3,000,000	0.600%
LIU HONGBO	2,665,000	0.533%
SUI JIHUA	2,661,000	0.532%
DENG MINGLI	2,500,000	0.500%
MAO CHANGSHENG	2,335,000	0.467%
Total Securities of Top 20 Holdings	405,491,500	81.098%
Total of Securities		
	500,000,000	

Analysis of Holdings as at 31-12-2017			
CDI'S NSX Escrowed 24 Months from Listing			
CHESS Depository Interests Over Fully Paid Ordinary Shares			
Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.000
1,001-5,000	2	6,500	0.001
5,001-10,000	2	14,500	0.003
10,001-100,000	24	1,821,000	0.364
100,001-99,999,999,999	233	498,158,000	99.632
Totals	261	500,000,000	100.000

NFM GROUP LIMITED
ARBN 608 103 678

5. CORPORATE DIRECTORY

DIRECTORS

Mr. Zheng Bowen
Mr. Zheng Jianfu
Mr. Zhang Ye
Mr. Liang Shuai
Mr. Xiao Feng

REGISTERED OFFICE

Offshore Incorporations Limited
Offshore Incorporations Centre
Coastal Building
Wickhams Cay II, Road Town Tortola
British Virgin Islands

SHARE REGISTRAR

BoardRoom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Australia

OPERATIONAL OFFICE

C/O: Beijing New Focus Culture Development Company Limited
Building 20
No. 20, Jinghai San Road
Economic and Technological Development Zone
Beijing
China 102600
Tel / Fax: +86 10 5208 8411

NOMINATED ADVISOR

Southasia Advisory Sdn Bhd
No. 6, Jalan TP3/1
Taman Perindustrian Sime UEP
47600 Subang jaya, Selangor
Malaysia
Tel: +603 8011 9792

NFM GROUP LIMITED
ARBN 608 103 678

AUDITOR

K.H. Chong & Co (AF 1258)

No.24-2, Jalan PJS 11/28
Bandar Sunway, 46150 Petaling Jaya
Selangor , Malaysia
Tel: +603 7497 9364
Fax: +603 7497 93649

CHINA LEGAL ADVISOR

Dowking Lawyers

Floor 8, Building 2
Hanzhong Road
Nanjing, Jiangsu
China 210000
Tel / Fax: +86 25 6866 2023

NFM GROUP LIMITED
(Company No.: 1883475)
ACN/ARBN: 608 029 125
(Incorporated in British Virgin Island)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF
NFM GROUP LIMITED**

(Incorporated in British Virgin Island)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NFM GROUP LIMITED, which comprise the consolidated statement of financial position as at 31 December 2017 of the Group, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group as of 31 December 2017 and of its financial performance and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Group are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and our auditors' report thereon.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF
NFM GROUP LIMITED (continued)**
(Incorporated in British Virgin Island)

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

Our opinion on the financial statements of the Group does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group, our responsibility is to read the Directors' Report and, in doing so, consider whether the Director's Report is materially inconsistent with the financial statements of the Group or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Director's Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Group are responsible for the preparation of financial statements of the Group that give a true and fair view in accordance with IFRS. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF
NFM GROUP LIMITED (continued)**
(Incorporated in British Virgin Island)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

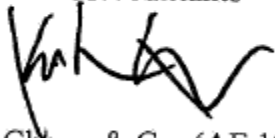
**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF
NFM GROUP LIMITED (continued)**
(Incorporated in British Virgin Island)

Other Matters

This report is made solely to the board of directors of the Group, as a body and for no other purpose in accordance with the term of the letter of engagement. This report is solely for the purpose of the directors of the Group and it is not to be circulated to any other party. We do not assume responsibility towards any other person for the contents of this report. The financial statements have been prepared for the purpose of fulfilling the requirement of the Directors of the Group. As a result, the financial statements may not be suitable for any other purpose.



CHONG KEAN HUAT
Chartered Accountants



K.H. Chong & Co. (AF 1258)
No. 24-2, Jalan PJS 11/28
Bandar Sunway, 46150 Petaling Jaya.

31 March 2018

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF THE DIRECTOR

I, Zheng Bowen, the director of NFM Group Limited, state that, in my opinion, the accompanying financial statements are drawn up in accordance with International Financial Reporting Standards (“IFRS”) so as to give a true and fair view of the state of affairs of the Group as at 31 December 2017 the results, change in equity and cash flows of the Group for the 12 months period ended on that date.

A handwritten signature in black ink, consisting of stylized Chinese characters and a long vertical stroke.

Zheng Bowen
Director
NFM GROUP LIMITED

31 March 2018

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2017 \$	2016 \$
Revenue	3	826,655	5,583,646
Cost of sales		<u>(119,560)</u>	<u>(175,890)</u>
Gross profit		707,095	5,407,756
Other income		3,495	2,316
Administrative expenses		(821,674)	(5,341,772)
Finance (cost)/ income		<u>(565)</u>	<u>(1,222)</u>
(Loss)/Profit before tax	4	(111,649)	67,078
Taxation	5	<u>-</u>	<u>-</u>
Net (loss)/profit for the year		<u><u>(111,649)</u></u>	<u><u>67,078</u></u>
Other comprehensive loss			
Foreign currency translation differences		<u>-</u>	<u>(11,121)</u>
Other comprehensive loss for the year, net of tax		<u>-</u>	<u>(11,121)</u>
Total comprehensive (loss)/income for the year, net of tax		<u><u>(111,649)</u></u>	<u><u>55,957</u></u>

The accompanying notes form an integral part of the financial statements.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
CURRENT ASSETS			
Trade and other receivables	6	4,003,963	10,271,879
Cash and cash equivalents	7	<u>25,307</u>	<u>289,400</u>
TOTAL CURRENT ASSETS		4,029,270	10,561,279
NON-CURRENT ASSET			
Plant and equipment	8	<u>12,137</u>	<u>496,012</u>
TOTAL ASSETS		<u>4,041,407</u>	<u>11,057,291</u>
CURRENT LIABILITIES			
Trade and other payables	9	2,221,667	9,059,719
Tax liabilities		<u>33,786</u>	<u>99,969</u>
TOTAL CURRENT LIABILITIES		<u>2,255,453</u>	<u>9,159,688</u>
NET ASSETS		<u>1,785,954</u>	<u>1,897,603</u>
EQUITY			
Contributed equity	10	2,032,082	2,032,082
Reserves		14,926	14,926
Accumulated losses		<u>(261,054)</u>	<u>(149,405)</u>
TOTAL EQUITY		<u>1,785,954</u>	<u>1,897,603</u>

The accompanying notes form an integral part of the financial statements.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF CHANGES IN EQUITY

	Contributed Equity \$	Accumulated Losses \$	Reserve \$	Total \$
Balance as of 31 December 2015	1,585,515	(205,362)	3,805	1,383,958
Profit for the year	-	55,957	-	55,957
Other comprehensive				
Foreign currency translation differences	-	-	11,121	-
Total Comprehensive income for the year	-	55,957	11,121	67,078
Transaction with owners in their capacity as owners				
Contribution of equity, net of transaction cost	446,567	-	-	446,567
Balance as of 31 December 2016	2,032,082	(149,405)	14,926	1,897,603
Loss for the year	-	(111,649)	-	(111,649)
Other comprehensive				
Foreign currency translation differences	-	-	-	-
Total Comprehensive income for the year	-	(111,649)	-	(111,649)
Transaction with owners in their capacity as owners				
Contribution of equity, net of transaction cost	-	-	-	-
Balance as of 31 December 2017	2,032,082	(261,054)	14,926	1,785,954

The accompanying notes form an integral part of the financial statements.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

CASH FLOW STATEMENT

	<u>2017</u>	<u>2016</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ Profit before tax	(111,649)	67,078
Adjustments for:		
Depreciation of property, plant and equipment	75,853	77,219
Property, plant and equipment written off	<u>408,022</u>	<u>-</u>
Operating Profit Before Changes in Working Capital	372,226	144,297
Decrease/(Increase) in:		
Trade and other receivables	6,267,916	(3,982,920)
(Increase)/Decrease in:		
Trade and payables	<u>(6,838,052)</u>	<u>439,796</u>
Cash used in operations	(197,910)	(3,398,827)
Tax paid	<u>(66,183)</u>	<u>(40,086)</u>
Net cash used in operating activities	<u>(264,093)</u>	<u>(3,438,913)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital contribution by shareholders	<u>-</u>	<u>446,567</u>
Net cash from financing activities	<u>-</u>	<u>446,567</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(264,093)	(2,992,346)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>289,400</u>	<u>3,281,746</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>25,307</u></u>	<u><u>289,400</u></u>

The accompanying notes form an integral part of the financial statements.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

This financial report includes the financial statements and notes of NFM Group Limited (the Group) which registered in British Virgin Island.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICY

a. Basis of preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards. Significant material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities as issued by the International Accounting Standards Board.

b. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

c. Foreign currency translation

Functional and presentation currency

Items included in the financial statement are measured in Chinese Yuan, the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss and other comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

NFM GROUP LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICY (CON'T)

d. Revenue Recognition

Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Rendering of services

Revenue is recognised when the services are performed where the risks and rewards of ownership have passed. Sales represent gross invoiced values of air tickets and tour packages sold less returns and discounts.

e. Trade and other receivables

Trade receivables for the activities which generally have 30 to 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Non-current trade and other receivables are discounted to their present value based on market rates of interest.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An allowance for Impairment is recognised when there is objective evidence that the Group will not be able to collect the Receivable. Financial difficulties of the debtor, default payments or overdue debts are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective Interest rate.

f. Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost.

Borrowing costs

Borrowing costs are expensed as incurred (using effective interest rate method), except where they are directly attributable to the acquisition or construction of a qualifying asset, in which case they are capitalised as part of the asset, the Group does not have any qualifying assets in the reporting period.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICY (CON'T)

g. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

h. Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of 3 months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

i. Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where comprehensive income, in which case transaction costs are expensed to the statement of profit or loss and other comprehensive income immediately.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICY (CON'T)

i. Financial Instruments (con't)

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition, less principal repayments, plus or minus the cumulative amortisation of the difference, if- any, between the amount initially recognised and the maturity amount calculated using the effective interest method, and less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payment or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of profit or loss and other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through the statement of profit or loss and other comprehensive income when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in the statement of profit or loss and other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICY (CON'T)

i. Financial Instruments (con't)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other available-for-sale financial assets are classified as Current assets.)

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss and other comprehensive income - is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of profit or loss and other comprehensive income.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICY (CON'T)

j. Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

k. Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

l. Property, plant and equipment

Each class of property, plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets~ The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICY (CON'T)

l. Property, plant and equipment (con't)

The depreciation rates used for each class of depreciable assets are:

Electrical and Electronic equipment	20-33%
All other equipment	20-25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

m. Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the statement of comprehensive income is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the statement of comprehensive income when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. IND deferred income tax will be recognised from the initial recognition of an asset or liability excluding a business combination, where there is no effect on accounting or taxable profit or loss.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICY (CON'T)

m. Income tax (con't)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realization and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

n. Other taxes

Revenues expenses and assets are recognised net of the amount of VAT except where the amount of VAT incurred is not recoverable from the tax office.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax office is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the tax office are presented as operating cash flows included in receipts from customers or payments to suppliers.

o. Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of business are not included in the cost of the acquisition as part of the purchase consideration.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICY (CON'T)

p. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has not identified any critical accounting policies for which significant judgements, estimates and assumptions are made.

q. New Accounting Standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2017 reporting period. the Group 's assessment of the impact of these new standards and interpretations is that they will result in no significant changes to the amount recognised or matters disclosed in the Group's financial statements.

r. Critical accounting estimates and judgements

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial positions are tested for sensitivity to changes in the underlying parameters. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

2. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may s affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

3. REVENUE

	<u>2017</u>	<u>2016</u>
	\$	\$
Service rendered	<u>826,655</u>	<u>5,583,646</u>

4. PROFIT/(LOSS) BEFORE TAX

	<u>2016</u>	<u>2015</u>
	\$	\$
After charging:		
Audit fee	12,000	25,000
Depreciation of plant and equipment (Note 8)	75,853	77,219
Plant and equipment written off (Note 8)	<u>408,022</u>	<u>-</u>

5. TAXATION

There is no tax expense for the current financial year as the Group is incorporated and domiciled in British Virgin Islands, which is a tax haven country.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

6. TRADE AND OTHER RECEIVABLES

	<u>2017</u>	<u>2016</u>
	\$	\$
Trade receivables	3,150,983	9,221,339
Other receivables	<u>852,980</u>	<u>1,050,540</u>
	<u><u>4,003,963</u></u>	<u><u>10,271,879</u></u>

Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days (2015: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The ageing analysis of trade receivables of the Group is as follows:

Ageing of past due but not impaired trade receivables:

	<u>2017</u>	<u>2016</u>
	\$	\$
Neither past due nor impaired	2,582,018	6,764,320
Past due but not impaired:		
1 to 30 days	320,025	1,271,189
31 to 60 days	230,181	761,471
More than 60 days	<u>18,759</u>	<u>424,359</u>
Total	<u><u>3,150,983</u></u>	<u><u>9,221,339</u></u>

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to \$568,965 (2015: \$2,457,019) that are past due at the reporting date but not impaired. The Directors and management are confident that the outstanding amounts are recoverable as these accounts are still active and have not defaulted on payments based on historical trends.

Information on financial risks of trade and other receivables is disclosed in Note 11 to the financial statements.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

7. CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash and bank balances	<u>25,307</u>	<u>289,400</u>

Information on financial risks of cash and bank balances is disclosed in Note 11 to the financial statements.

8. PLANT AND EQUIPMENT

	Office equipment \$	Plant, machinery and equipment \$	Total \$
Cost			
Balance as of 1 January 2017	56,004	606,508	662,512
Addition	-	-	-
Disposal/ write-off	<u>(6,000)</u>	<u>(606,508)</u>	<u>(612,508)</u>
Balance as of 31 December 2017	<u>50,004</u>	<u>-</u>	<u>50,004</u>
Accumulated depreciation			
Balance as of 1 January 2017	23,974	142,526	166,500
Charge for the year	15,915	59,938	75,853
Disposal/ write-off	<u>(2,022)</u>	<u>(202,464)</u>	<u>(204,486)</u>
Balance as of 31 December 2017	<u>37,867</u>	<u>-</u>	<u>37,867</u>
Net book value			
Balance as of 31 December 2017	<u>12,137</u>	<u>-</u>	<u>12,137</u>
Balance as of 31 December 2016	<u>32,030</u>	<u>463,982</u>	<u>496,012</u>

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

9. TRADE AND OTHER PAYABLES

	<u>2017</u>	<u>2016</u>
	\$	\$
Trade payables	62,192	7,381,334
Other payables	2,029,294	1,527,918
Accruals	<u>130,181</u>	<u>150,467</u>
	<u><u>2,221,667</u></u>	<u><u>9,095,719</u></u>

Trade and other payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Trade and other payable are non-interest bearing and the normal trade credit terms granted to the Group is 90 days (2016: 90 days) from the date of invoices.

Information on financial risks of trade and other payables is disclosed in Note 11 to the financial statements.

10. CONTRIBUTED EQUITY

	<u>2017</u>	<u>2016</u>
	\$	\$
Authorised:		
8,000,000 (2016:8,000,000) fully paid ordinary shares	<u><u>2,032,082</u></u>	<u><u>2,032,082</u></u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

11. FINANCIAL INSTRUMENTS

a. Capital risk management

The Group reviews its capital structure at least annually to ensure that the Group will be able to continue as a going concern. The capital structure of the Group comprises only of issued capital, accumulated losses and reserves. The Group's overall strategy remains unchanged from year 2016.

The Group is not subject to externally imposed capital requirements.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL INSTRUMENTS (CON'T)

b. Categories of financial instruments

	<u>2017</u>	<u>2016</u>
	\$	\$
Financial assets		
Trade and other receivables	4,003,963	10,271,879
Cash and cash equivalents	<u>25,307</u>	<u>289,400</u>
Financial liabilities		
Trade and other payables	<u><u>2,221,667</u></u>	<u><u>9,059,719</u></u>

c. Financial risk management objectives

The operations of the Group are subject to a variety of financial risks, including interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/ or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

i. Interest rate risk management

The Group's exposure to changes in interest rates relates primarily to the Group's short-term deposits. It has no significant interest-bearing financial assets or liabilities other than the short-term deposits. The short-term deposits are placed with reputable banks. The Group does not use derivative financial instruments to hedge its risk.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of reporting period.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL INSTRUMENTS (CON'T)

c. Financial risk management objectives (con't)

ii. Credit risk management

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group only grants credit to creditworthy counterparties. The trade receivable that is neither past due nor impaired relate to customers that the Group has assessed to be creditworthy, based on the credit evaluation process performed by management. Cash is held with creditworthy institutions.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

iii. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors. The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The Group does not hold any derivative financial instruments.

iv. Cash flow risk management

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

d. Fair values of financial assets and financial liabilities

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries under the Group as at the end of the reporting period are as follows:

Direct subsidiaries	Principal activities	Place of incorporation	Proportion of ownership interest	
			2016	2015
News Focus Company Limited (HK)	Provision of media and advertisement services to clients.	Hong Kong	100%	100%
Shanghai News Focus Investment Company Limited	Investment holding company	People's Republic of China	100%	100%
Beijing News Focus Culture Development Company Limited	Provision of media and advertisement services to clients.	People's Republic of China	100%	100%
Chuangshi Zhihui (Beijing) Culture Development Ltd	Dormant	People's Republic of China	51%	-

13. COMMITMENTS & CONTINGENCIES

The Group has no contingent assets or liabilities that should be disclosed in accordance with IFRS.

14. SEGMENT INFORMATION

The directors have considered the requirements of IFRS and the internal reports that are received by the Board in allocating resources and have concluded at this time that there are no separately identifiable segments. This decision has been made specifically in the light of the reduced size and scope of the Group's operations given the restructure of the Group including its abandoned and discontinued operations as disclosed throughout the report.