

13 April 2018

National Stock Exchange of Australia
1 Bligh Street, Sydney NSW 2000

Attn: Ingrid Wei, Market Surveillance Analyst

Dear Ingrid,

RE: NFM GROUP LIMITED ("NFM" or the "Company")

In January 2018, the Company received periodic disclosure query from NSX. We apologized for the delayed response due to Chinese New Year holiday in February 2018. Our response to your query are as follows:

1. Most of the Company's business contracts signed in the second half of the year, which resulted that the Company revenue increased in the second half of the year.

From 2015 to 2016, the Company mainly engaged in advertising business with a lot of media equipment and because of the media equipment was custom-made equipment based on the specification of customers, which did not have secondary market value or re-sales value in the market. Hence a rapid decline in the value of these media device in assets, therefore a large value decreased in the Plant and equipment on June 30, 2017.

As at the year ended 2015, we had upgraded and replaced some old equipment with new media equipment and devices, therefore the Company recorded larger value increased in the Plant and equipment on December 31, 2015.

We liaised with NSX in February 2018, we hereby enclosed the breakdown of the Plant and Equipment Account. There are 30/09/2015, 31/12/2015, 30/06/2016 and 30/06/2017. (Refers the attachment - Plant and equipment breakdown table)

The company has recorded an incorrect transaction for the disposal of Office Equipment \$28,600 and Plant, Machinery and Equipment \$545,858 in the half-yearly unaudited financial statement as at June 30, 2016, these incorrect transactions have been reclassification into the account accordingly during prepared of December 2016 financial statement. Therefore, there was not reflected in December 2016 audited report.

We will re-submit the report of June 30, 2016, in April 18, 2018.



2. As at the year ended December 31, 2017, the forecast revenue is \$822,572, plant and equipment is \$10,767.
3. The official website of the company's English version completed on April 01, 2018 and can be accessed by user. Web : <http://en.nfmgroup.com.cn/>

NFM has and will make the necessary disclosures to NSX in compliance with listing rules 6.4 at and when the circumstance arises.

Yours truly,
FOR NFM GROUP LIMITED



Mr. Zheng Bowen
Executive Director



NFM GROUP LIMITED (ACN/ARBN: 608029125)

Plant And Equipment

	Office Equipment \$AUD	Plant, Machinery and Equipment \$AUD	Total \$AUD
Cost			
Balance as of 1 January 2015	24,013	72,501	96,514
Additional	–	–	–
Disposal / write-off	–	–	–
Balance as of 30 September 2015	<u>24,013</u>	<u>72,501</u>	<u>96,514</u>

Accumulated Depreciation

Balance as of 1 January 2015	4,842	24,632	29,474
Charge for the year	1,691	5,884	7,575
Disposal / write-off	–	–	–
Balance as of 30 September 2015	<u>6,533</u>	<u>30,516</u>	<u>37,049</u>

	Office Equipment \$AUD	Plant, Machinery and Equipment \$AUD	Total \$AUD
Net Book Value			
Balance as of 30 September 2015	<u>17,480</u>	<u>41,985</u>	<u>59,465</u>
Balance as of 31 December 2014	<u>19,171</u>	<u>47,869</u>	<u>67,040</u>

NFM GROUP LIMITED (ACN/ARBN: 608029125)

Plant And Equipment

	Office Equipment \$AUD	Plant, Machinery and Equipment \$AUD	Total \$AUD
Cost			
Balance as of 1 January 2015	24,013	72,501	96,514
Additional	31,991	534,007	565,998
Disposal / write-off	—	—	—
Balance as of 31 December 2015	<u>56,004</u>	<u>606,508</u>	<u>662,512</u>

Accumulated Depreciation

Balance as of 1 January 2015	4,842	24,632	29,474
Charge for the year	3,217	54,590	57,807
Disposal / write-off	—	—	—
Balance as of 31 December 2015	<u>8,059</u>	<u>79,222</u>	<u>87,281</u>

	Office Equipment \$AUD	Plant, Machinery and Equipment \$AUD	Total \$AUD
Net Book Value			
Balance as of 31 December 2015	<u>47,945</u>	<u>527,286</u>	<u>575,231</u>
Balance as of 31 December 2014	<u>19,171</u>	<u>47,869</u>	<u>67,040</u>

NFM GROUP LIMITED (ACN/ARBN: 608029125)

Plant And Equipment

	Office Equipment \$AUD	Plant, Machinery and Equipment \$AUD	Total \$AUD
Cost			
Balance as of 1 January 2017	56,004	606,508	662,512
Additional	–	–	–
Disposal / write-off	<u>26,800</u>	<u>561,402</u>	<u>588,202</u>
Balance as of 30 June 2017	<u><u>29,204</u></u>	<u><u>45,106</u></u>	<u><u>74,310</u></u>

Accumulated Depreciation

Balance as of 1 January 2017	23,974	142,526	166,500
Charge for the year	–	–	–
Disposal / write-off	<u>6,720</u>	<u>101,578</u>	<u>108,298</u>
Balance as of 30 June 2017	<u><u>17,254</u></u>	<u><u>40,948</u></u>	<u><u>58,202</u></u>

	Office Equipment \$AUD	Plant, Machinery and Equipment \$AUD	Total \$AUD
Net Book Value			
Balance as of 30 June 2017	<u><u>11,950</u></u>	<u><u>4,158</u></u>	<u><u>16,108</u></u>
Balance as of 31 December 2016	<u><u>32,030</u></u>	<u><u>463,982</u></u>	<u><u>496,012</u></u>