

ANNOUNCEMENT ON JIUMAO TECHNOLOGY COMPANY OF NFM GROUP PROJECT

Jiumao Technology is a technology company of NFM Group

Overview of WAO(VR/AR)Project

Jiumao Technology is an intelligent virtual reality life integration operator; publishers and channel dealers of virtual reality VR and AR educational games; it is a comprehensive service operation integrating games, entertainment, education, socializing, shopping, travel, and catering Business. Changing the future with smart technology, incorporating virtual technology into reality and a new model of changing quality of life, NFM will work with Tencent Limited to create the first H-ES (HOT-ESPORT, a popular technology IP to achieve online and offline integration with VR / AR technology E-sports events) Professional VR plus competitive league. It integrates with robots, drones and VR to create a full-scale VR + robot / drone K12 education training and professional events. The establishment of the WAO brand will ignite a new global VR model, new competition and new upsurge in the future.

About the market demand, on December 25, 2018, the Ministry of Industry and Information Technology of the People's Republic of China issued the "Guiding Opinions of the Ministry of Industry and Information Technology on Accelerating the Development of Virtual Reality Industry" and has announced clearly on the conceptual of VR+ industry. It has reported that in 2020, China's virtual reality industry chain is basically complete, and its application will be deepened and is important to the economic and social fields. Several industrial technology innovation centres have been established and core key technology innovations have achieved a significant breakthrough. It has made a batch of application that can be replicated and promoted, which has achieved remarkable results for industry application solutions. it creates a number of distinctive virtual reality industrial innovation bases and forms a coordinated development pattern of technology, products, services, and applications.

By 2025, the overall strength of China's virtual reality industry will be predicted in the forefront of the world and has the master key in virtual patents and standards for virtual reality, which will form a number of virtual reality backbone for enterprises with strong international competitiveness. The innovation capacity will be significantly enhanced, and the supply of application services will be significantly improved. The comprehensive development strength has achieved a leap that the virtual reality application ability will be significantly improved, which will induce the quality and efficiency of economic and social development. The Guidance promotes the application to key industries and supports VR + manufacturing, education, culture, health, commerce and other industry applications with innovative integration development paths, fostering new models, new formats and expanding virtual reality space applications.

Business model and sources of revenue

Jiumao Technology has been in cooperation with Phoenix Digital Technology to develop and operate the WAO project. It can be self-operated or franchise its brands, technologies and

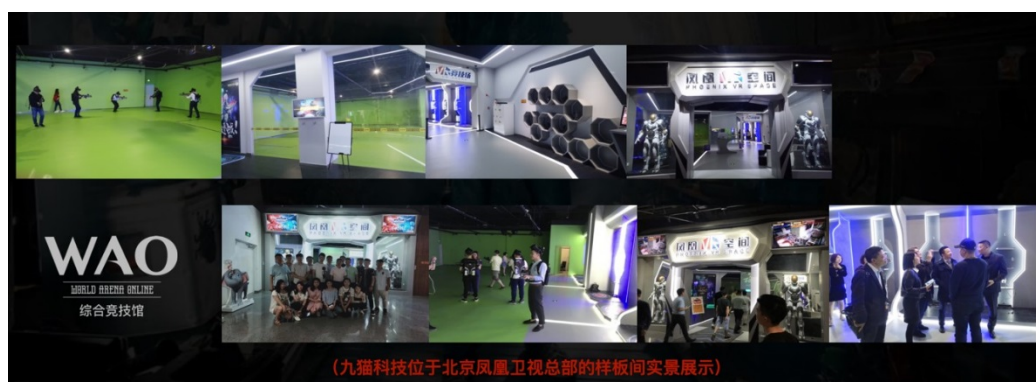
operations to any cultural projects or investors who are interested in this business. When the project is in operation, the main sources of income are membership fees, event income (including event advertising sponsorship, event registration income, broadcast income, etc.), physical equipment and personal customized fee, VR robot / drone education competition charges, revenue from training & branded products and revenue from advertising and media activities.

Roles and responsibilities of the Company

Roles in this cooperation of WAO project is that Jiumao Technology is the project brand owner and overall project operator and is responsible for market operation and promotion. Phoenix Digital Technology is the product hardware and software developer and the game copyright owner, and is responsible for the technical maintenance and upgrade of the overall project.

Project Progress and its Status

In 2018, Jiumao Technology and Phoenix Digital Technology, a subsidiary of Phoenix Satellite Television, had jointly established Phoenix VR / AR technology prototype model store located at B1 floor of Beijing Phoenix Center covering an area of 120 square meters for technical verification and new media market expansion research. Of which, the technology development is done by Phoenix Digital Technology and the brand operations & in-game advertising operations and events are operated by NFM. NFM and Phoenix Digital Technology had carried out multiple rounds of technical upgrades and adjustments in order to break through human visual adaptability. As of May 2019, we had tested a total of 8,310 people for technical verification and had collected their views and comments as members. In the fourth quarter of 2019, in accordance to market needs, we had upgraded the original VR's interactive participation and began to try to increase the advertising content in the game events by using the AR interaction. The upgrade will take at least seven months and the existing venues will be adjusted and upgraded accordingly. After the upgrade by mid of 2020, VR / AR games and advertisements will be interacted to form multi-dimensional spatial media applications, which will lead the new media development trend.



This picture is the rendering of the WAO venue in the Beijing Phoenix Center



Conceptual drawing of new WAO store

In the application field of K12, Phoenix Digital Technology and NFM have jointly developed AR interactive education hardware and software with a number of educational institutions and the announcement will be made upon completion, which its ultimate goal is to realize the virtual reality education port platform. Jiumao Technology has intention to cooperate with Cisco Academy of Education to create a new K12 education system combining VR / AR. Cisco Academy's Robotic Education currently has campuses in Beijing including the Primary School affiliated with People's University, Zhongguancun, Asian Games Village and Chaoyang.

In 2018, with limited classroom space resources, Cisco Academy already has had more than 6,000 paying members with an average of RMB1,000 per member. With the completion of WAO venue, Jiumao Technology will provide Cisco Academy with a combination of VR and robot technology, professional VR robot events and competition system, professional robot event venues and robot education venues. It will bring income to Jiumao and Cisco Academy in using the WAO flagship store and the usages increment will be at a healthy growth rate. NFM will continue to work with Cisco Academy and hopefully will sign a valuable agreement to further promote this project in the near future.



The picture above shows the real-world teaching demonstration of Cisco Academy Robot Education located on the campus attached to the People's University.

Project Risk Summary

VR / AR WAO science and technology projects are medium to long-term projects, and the development time and its upgrading and testing of market acceptance are relatively long.

Games Development and Upgrade Risk: An existing game usually can attract gamer to play or participate in game playing for no more than 12 months, which gamer always looks new games or upgraded games content to excite them. It is a very competitive market to attract gamer to continuing participate and spend money in games playing. It requires a relatively large amount of investment for the task.

Long Term Investment Risk: The fund requirement to construct a new WOA venue and operating cost can be high. It might be resulted longer term of investment return for investors.

Technology Constraint Risk: A more complicated content and faster interactive games require higher transmission speed provided by the network operator or Telco. At present, China's 4G cannot fully meet the progress of the project and hopefully commercial popularization of 5G can help to resolve this technology constraint.

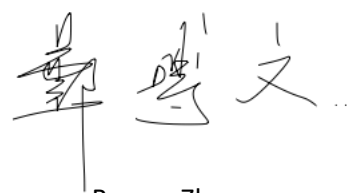
Insufficient Fund Risk: Insufficient fund will be an obstacle for smooth planning and constructing of new WOA venue. It will also delay the development of new games content to capture a bigger market share.

Knowhow and Expertise: AR / VR and robotic technology development requires highly technical staff to plan and to program the internet matrix so that it can work effectively and efficiently to gain the interest of users.

Signed Material Contract

NFM signed a brand operation cooperation agreement with Phoenix Digital Technology on 28 July 2017 in Beijing China. The announcement of this project to NSX was made on 28 July 2017.

NFM GROUP



Bowen Zheng

Chief Executive Officer

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