

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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NFM GROUP LIMITED
(Company No.: ARBN 608029125 and BVI 1883475)
(Incorporated in British Virgin Islands under the BVI Business Companies Act, 2004)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) THE PROPOSED CEASE 100% OF WATER DRINKING MACHINE MEDIA BUSINESS; AND**
- (II) THE PROPOSED NEW CORE BUSINESS.**

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Notice of the Extraordinary General Meeting (“**EGM**”) of NFM Group to be held at B1 Floor, Building 20, No. 109, Jinghai San Road, Economic and Technological Development Zone, 102600 Beijing, China PRC on 12 April 2018 at 10.00am together with the Form of Proxy are enclosed with this Circular.

The shareholder entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. The Form of Proxy must be lodged at the operational office of the Company at B1 Floor, Building 20, No. 109, Jinghai San Road, Economic and Technological Development Zone, 102600 Beijing, China PRC not less than forty-eight (48) hours before the time and date stipulated for the EGM, as indicated below. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 10 April 2018 at 10.00 a.m.
Date and time of the EGM : Thursday, 12 April 2018 at 10.00 a.m.

CIRCULAR DATED 12 MARCH 2018

DEFINITIONS

Except where the context otherwise requires, the following words and abbreviations shall have the following meaning:

AUD	: Australian Dollar
Board	: Board of Directors of NFM or Company
CDI	: CHESS Depository Interest with each CDI being a unit of beneficial interest in one corresponding Share registered in the name of CDN
CDI Holder	: Holder of a CDI
CDN	: CHESS Depository Nominees PTY Limited (ACN: 071 346 506)
CHESS	: Clearing House Electronic Sub-register System
Circular	: This circular to shareholders dated 12 March 2018 in relation to the Proposed Cease 100% of Water Drinking Machine Media Business and Proposed New Core Business
EGM	: Extraordinary General Meeting
Entitled Shareholders	: Shareholders of the Company whose names appear in the Register of the Company on the Entitlement Date
Entitlement Date	: The date and time to be determined and announced later by the Board, on which the names of the Shareholders of NFM must appear in the Record Depositors of the Company in order to participate in the EGM
Market day	: Any day between Monday to Friday (inclusive), excluding public holidays, and on a day on which NSX is open for trading of securities
NFM or Company	: NFM Group Limited
NFM or Group	: NFM and its subsidiaries
NFM Shares	: Ordinary shares of NFM and, where the context so require, includes a CDI
NSX	: National Stock Exchange of Australia
Proposed Cease	: Proposed Cease 100% of Water Drinking Machine Media Business
Proposed New	: Proposed New Core Business
Register	: The register of members of NFM maintained and provided by the registrar of NFM
Shareholders	: A shareholder of NFM, and where the context so require, includes the CDI Holder

DEFINITIONS (CONT'D)

All references to “NFM” or “the Company” in this Circular are to NFM Group Limited, reference to “Group” is to the Company and its subsidiaries and references to “we”, “us”, “our” and “ourselves” are to the Group, the Company, and where the context otherwise requires, the subsidiaries.

All references to “you” in this Circular are to the shareholders of the Company.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference to a time of day in this Circular is reference to China Beijing time, unless otherwise stated.

Any reference in this Circular to any legislation is a reference to that legislation as for the time being amended or re-enacted.

Certain figures in this Circular have been subject to rounding adjustments.

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NOTICE OF EGM**ENCLOSED****FORM OF PROXY****ENCLOSED**



NFM GROUP LIMITED
(Company No.: ARBN 608029125 and BVI 1883475)
(Incorporated in British Virgin Islands under the BVI Business Companies Act, 2004)

Date: 12 March 2018

Registered Office:

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

C/O Operational Office:

B1 Floor, Building 20
109 Jinghai San Road
Economic and Technology
Development Zone
Beijing 102600
China PRC

BOARD OF DIRECTORS

Mr. Zheng Bowen (Executive Director and Executive Chairman and CEO)
Mr. Zheng Jianfu (Executive Director)
Mr. Zhang Ye (Independent Non-Executive Director)
Mr. Xiao Feng (Independent Non-Executive Director)
Mr. Liang Shuai (Independent Non-Executive Director)

To: The Shareholders of NFM Group Limited

Dear Sir/Madam,

- (I) THE PROPOSED CEASE 100% OF WATER DRINKING MACHINE MEDIA BUSINESS; AND**
(II) THE PROPOSED NEW CORE BUSINESS.

1. INTRODUCTION

- 1.1 EGM. The Directors are convening an EGM to be held at 10.00 a.m. on 12 April 2018 at B1 Floor, Building 20, No. 109, Jinghai San Road, Economic and Technological Development Zone, 102600 Beijing, China PRC to seek Shareholders' approval for:
- (i) The proposed cease 100% of water drinking machine media business ("Proposed Cease"); and
 - (ii) The proposed new core business ("proposed New").
- (collectively, the "**Proposed Resolutions**")
- 1.2 Purpose of this Circular. The purpose of this circular is to explain the reasons for, and to provide Shareholders with information relating to, the Proposed Resolutions to be tabled at the EGM.
- 1.3 NSX. The NSX assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Circular.

This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any person (other than the Shareholders to whom this Circular is dispatched by the Company) or for any other purpose. If any Shareholder is in any doubt as to the action he/she should take, he/she should consult his/her stockbroker, bank manager, lawyer, accountant or other professional adviser immediately.

2. THE PROPOSED CEASE 100% OF WATER DRINKING MACHINE MEDIA BUSINESS

2.1 Rationale for the Proposed Cease

The Proposed Cease allows the Company to exit and to cease the water drinking machine media business, and focus on the Proposed New Core Business, as a new core business of the Company. Please see Section 3 of this Circular for information of the Proposed New Core Business.

Due to the high maintenance cost of water drinking machine media business each year, the Company faces substantial expenses when it comes to replacement of the water drinking machine in due course, and the expected revenues from existing water drinking machine media business will not meet these costs of operation. The Company has looked into other platform to continue its media and advertising business.

Revenue of Company will have some impact or reduce initially upon ceasing of water drinking machine media business, but it will be recovered when the Proposed New Core Business is in operation to provide a new platform for advertising and media business. These water drinking machines have been depreciated throughout its operating years, it does not have much value in the Company's asset book; hence it will have minor impact to the Company's balance sheet. Human resources will be dispatched to focus on Proposed New Core Business.

3. THE PROPOSED NEW CORE BUSINESS

3.1 Existing Business of the Group

After ceasing of water drinking machine media business, the Company continues to offer its media services of the following:

- a. Advertisement Release and Design
- b. Advertisement Photocopy
- c. Market Events Implementation
- d. Copy Planning
- e. Public Relations Activities Planning
- f. Brand Strategy and Design
- g. Media Strategy

3.2 Information in relation to the Proposed New Core Business

The Proposed New Core Business deals with cultural tourism real estate business in China, it covers;

- i. Real estate/land initial planning & design and project feasibility study report
- ii. Hosting and management of real estate project (managed hosting in scenic spot, managed hosting of tourism real estate, managed hosting of vacation real estate and hosting of industrial park)
- iii. Cultural Customization and output and theme Intellectual Property contents' establishment and operation
- iv. The construction and operation of Naga City branding ("Naga City") projects

NFM has created Naga City with exclusive right, and it is a platform to take culture and tourism as the core combining of international & local cultural experiences and niche commercial activities such as performing theatre, theme restaurant and hotel, and shopping arcades with creative advertisement, which will be jointly developed by the Company and its potential investors. The development of Naga City will synchronise environment, smart technology, and culture to provide a space of uniqueness and imagination to our customers. The land size that is suitable to initiate Naga City project development shall not be less than 1,000 square meters, and it can take up to a township development with Naga City's concept.

With the continuous supports and encouragement on the development and improvement of local tourism industry by the China government, the Company believes that Naga City will draw travellers to its conceptual site, and it can become an additional tourist spot in China. The realization of this project will enhance company's financial performance in the long run.

3.3 Introduction and Strategic Planning of the Proposed New Core Business

The Company has initiated and started its preliminary business finding and study of the cultural tourism real estate business since beginning of 2017. The Company had made announcement on 28 July 2017 regarding Strategic partnership between Beijing News Focus Culture Development Company Limited, its subsidiary and Beijing Phoenix Digital Technology Company Limited, and on 13 October 2017 about the Strategic Cooperation between Beijing News Focus Culture Development Company Limited and Tencent Cloud (Beijing) Company Limited to further develop Naga City project. Hence, on 17 November 2017, Creation World (Beijing) Cultural Development Company Limited was established as the project company to take on the development of Naga City project.

The Company has established initial contacts and communication channels with many local municipal governments in China to promote this business. The Negotiations and discussions on corresponding preferential policies are in progress with two local municipal governments, there are; Panjin City of Liaoning Province in Northern China and Longquan City of Zhejiang Province in Southern China.

The Company will expect to generate revenue from advertising services, cultural tourism real estate planning & design, and its operations. The Naga City project will be funded by; Company's internal generated fund, fund raise by issuance of additional securities, fund from investors, and government incentive funding. The Company has formed a professional team; they are engaged in the professionals of architectural design, planning & design, marketing planning, and event operations.

The Company has strategized to complete Naga City project in the following sequential manners:

- i. In 2018, the Company will execute the first Naga City investment contract in China
- ii. In 2019, the first Naga City in China will be constructed and in operations, and the Company will intend to sign and to develop two Naga City projects with international cultural elements. Furthermore, the Company has planned to joint venture with other entities to initial the construction of a characteristic cultural tourism town in China
- iii. By 2020, the Company intends to complete three Naga City project with operational facilities, and will set up the operations of the characteristic cultural tourism town in China.

3.4 Risk Factors associated with the Proposed New Core Business and Risk Mitigation

The Company could be affected by a number of risks that may relate to the Proposed New Core Business. Risks may arise from, *inter alia*, economic, business, market and political factors. Shareholders should carefully consider and evaluate each of the following considerations and all other information contained in this Circular.

To the best of the Directors' knowledge and belief, all the risk factors that are material to the Shareholders in making an informed decision on the Proposed New Core Business are set out below. The risks described below are not intended to be exhaustive and are not presented in any particular order of importance. There may be additional risks not presently known to the Company or are currently not deemed to be material. If any of the considerations and uncertainties described below develops into actual events, the business, results of operations, financial condition and prospects of the Company could be materially and adversely affected. Shareholders should carefully consider and evaluate the following contained in this Circular before deciding on whether to vote in favour of the Proposed New Core Business.

i. Pre-stage planning risk

In the early stage of project, the planning must be tailored to the project itself, including the positioning of project's target, market, and strategic. If the overall planning of the project is inaccurate, the misjudgement will affect the overall operation of the project.

ii. Planning and Design risk

The design fee does not account for a large portion of the cost of the construction process, but it has a large impact on the project cost. A good and accepted design can reduce the construction enhancing the quality of the constructed products. The design risk means that due to the design basis, design parameters, and improper selection of the design scheme, the constructed facilities cannot meet the requirements of application,

economy, aesthetics, safety and reliability, therefore it will affect the operational cost and maintenance cost and the financial performance of the Company.

iii. Operational Risk

Operational risks, including the operations of property/facility, branding, activity, and investment promotion, are a key stage in determining whether a project can be profitable by achieving sales objectives that the timing of sales, determining sales price, choosing the sales method, and advertisement are an important decision for the Company to make and to meet.

However the risks can be mitigated and managed by implementing the following methods and suggestions:

i. Accuracy of Project Feasibility

Information and detail data related to the project should be fully collected and obtained by field visits and investigations. The Company shall carried-out location & market analysis of the project, financial evaluation, human resources analysis, assessment of sensitive factors to determine the possibility of profitability of the project before making decision to initiate the project planning and implementation.

ii. Establishment of Information Centre

The Company will establish information centre to collect relevant information in regard to policy, demography, and land to enhance decision-making by the Board and the Company.

iii. Establishment of Capable Management

The Company will organize a team of capable professional to involve in the project and to provide continuous training program to improve the skill of the team member, and to hire talented professionals to join the Company.

4. DIRECTORS' RECOMMENDATIONS

4.1 Proposed Cease 100% of Water Drinking Machine Media Business

The Directors are of the opinion that the Proposed Cease is in the best interest of the Company. Accordingly, they recommend that Shareholders vote on favour of the ordinary resolution approving the Proposed Cease as set out in the Notice of EGM.

4.2 Proposed New Core Business

The Directors are of the opinion that the Proposed New is in the best interest of the Company. Accordingly, they recommend that Shareholders vote on favour of the ordinary resolution approving the Proposed New as set out in the Notice of EGM.

5. EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting, notice of which is set out on page 10 of this Circular, will be held at 10.00 a.m. on 12 April 2018 at B1 Floor, Building 20, No. 109, Jinghai San Road, Economic and Technological Development Zone, 102600 Beijing, China PRC for the purpose of considering and, if though fit, passing with or without modifications, the ordinary resolutions set out in the Notice of the EGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 Shareholders who are not able to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Company's administration office at B1 Floor, Building 20, No. 109, Jinghai San Road, Economic and Technological Development Zone, 102600 Beijing, China PRC not less than 48 hours before the time fixed for the EGM. The sending of Proxy Form by a shareholder does not preclude him/her attending and voting in person at the EGM if he/she finds that he/she is able to do so, in such an event, the relevant Proxy Forms will be deemed to be revoked.

6.2 A depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his/her name appears on the CDI at least 72 hours before the time fixed for the EGM, as certified by the Company Secretary.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Resolutions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

8. INSPECTION OF DOCUMENTS

Copies of the Annual Report of Company 2016, Information Memorandum dated 28 December 2015, and the Proposal of New Business in PPT format will be available for inspection at the registered office of NFM at B1 Floor, Building 20, No. 109, Jinghai San Road, Economic and Technological Development Zone, 102600 Beijing, China PRC, during normal business hours from Mondays to Fridays (except on public holidays) from the date of this Circular up to and including the date of the EGM.

Yours faithfully,
For and on behalf of the Board of Directors
NFM GROUP LIMITED


ZHENG BOWEN
Executive Chairman



NFM GROUP LIMITED
(Company No.: ARBN 608029125 and BVI 1883475)
(Incorporated in British Virgin Islands under the BVI Business Companies Act, 2004)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of NFM Group Limited (“NFM” or “Company”) will be held at B1 Floor, Building 20, No. 109, Jinghai San Road, Economic and Technological Development Zone, 102600 Beijing, China PRC on Thursday, 12 April 2018 at 10.00 a.m. for the purpose of considering and if thought fit, passing the following resolutions, with or without modifications:

ORDINARY RESOLUTION I: THE PROPOSED CEASE 100% OF WATER DRINKING MACHINE MEDIA BUSINESS (“PROPOSED CEASE BUSINESS”)

THAT the Proposed Cease Business be and is hereby approved and the Directors and each of them be and are hereby authorised to complete and do all acts and things as they or each of them seem desirable, necessary or expedient to give effect to the matters contemplated by this resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

ORDINARY RESOLUTION II: THE PROPOSED NEW CORE BUSINESS

THAT approval be and is hereby granted for the Company to venture and to operate the Proposed New Core Business subject to compliance with Listing Rules of the NSX requiring approval from shareholders in certain circumstance, the Company (directly and/or through its subsidiaries) be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of from time to time, any such assets, businesses, investments and shares/interests in any entity that is in the Proposed New Core Business on such terms and conditions as the Directors deem fit, and such Directors be and hereby authorised to take such steps and exercise such discretion and do all such acts and things as they deem desirable, necessary or expedient to give effect to any such investment, purchase, acquisition or disposal or to effect the Proposed New Core Business; and

AND THAT the Directors and each of them be and are hereby authorised to complete and do all such acts and things as they or each of them deem desirable, necessary or expedient to give effect to the matters contemplated by this resolution as they or each of them may in their or each of their absolute discretion deem fit in the interest of the Company.

By Order of the Board,

ZHENG BOWEN Executive Chairman and Chief Executive Officer
WANG JIFU Secretary

12 March 2018

Notes:

- ^ *In respect of deposited securities, only members whose names appear in the Register on 9 April 2018 shall be eligible to attend, speak and vote at this meeting.*
- ^ *To be valid, the original proxy form, duly completed must be deposited at the operational office of NFM Group at B1 Floor, Building 20, No. 109, Jinghai San Road, Economic and Technological Development Zone, 102600 Beijing, China PRC not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.*
- ^ *A member shall be entitled to appoint not more than two (2) proxies to attend, speak and vote at this meeting. Where a member appoints two (2) proxies, he/she shall specify the proportions of his/her shareholdings to be represented by each proxy failing which, the appointment shall be invalid. A proxy may but need not be a member of the Company.*
- ^ *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
- ^ *If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.*



NFM GROUP LIMITED
 (Company No.: ARBN 608029125 and BVI 1883475)
 (Incorporated in British Virgin Islands under the BVI Business Companies Act, 2004)

FORM OF PROXY

No. of CDIs held	
CDI Account No.	

I/We _____ IC/PassportNo./Company No. _____
 (Full name in block letters)

of _____
 (Full address)

being member/members of **NFM GROUP LIMITED**, do hereby Appoint _____

_____ (Full name in block letters)

of _____
 (Full address)

or failing him/her _____
 (Full name in block letters)

of _____
 (Full address)

or failing him/her, the Chairman of the meeting as my/our proxy(ies) to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at B1 Floor, Building 20, No. 109, Jinghai San Road, Economic and Technological Development Zone, 102600 Beijing, China PRC on Thursday, 12 April 2018 at 10.00 a.m. on the following resolutions referred to in the Notice of Extraordinary General Meeting.

The proportion of *my/our holdings to be represented by *my/our proxy(ies) are as follows:

First Proxy: _____ %	Second Proxy: _____ %
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My/Our proxy(ies) is/are to vote as indicated below:-

RESOLUTIONS	*FOR	*AGAINST
ORDINARY RESOLUTION I - PROPOSED CEASE 100% OF WATER DRINKING MACHINE MEDIA BUSINESS		
ORDINARY RESOLUTION II - PROPOSED NEW CORE BUSINESS		

*Please indicate with an "X" in the spaces provided on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Dated this _____ day of _____ 2018

 Signature of Shareholder(s)/ CDI Holder(s)
 /Common Seal

Notes:

- ^^ *In respect of deposited securities, only members whose names appear in the Register on 9 April 2018 shall be eligible to attend, speak and vote at this meeting.*
- ^^ *To be valid, the original proxy form, duly completed must be deposited at the operational office of NFM Group at B1 Floor, Building 20, No. 109, Jinghai San Road, Economic and Technological Development Zone, 102600 Beijing, China PRC not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.*
- ^^ *A member shall be entitled to appoint not more than two (2) proxies to attend, speak and vote at this meeting. Where a member appoints two (2) proxies, he/she shall specify the proportions of his/her shareholdings to be represented by each proxy failing which, the appointment shall be invalid. A proxy may but need not be a member of the Company.*
- ^^ *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
- ^^ *If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.*

Fold this flap for sealing

Then fold here

Affix
stamp

The Company Secretaries
NFM GROUPH LIMITED
B1 Floor, Building 20
No. 109, Jinghai San Road
Economic and Technological Development Zone
102600 Beijing
China PRC

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