



LOTTVISION LIMITED

(Incorporated in Bermuda)

(Company Registration Number: 32308)

NON-SATISFACTION OF THE PROFIT GUARANTEE FOR PROFIT YEAR 2014 RELATING TO NUTRYFARM BIOMEDICINE INTERNATIONAL LIMITED

The Board of Directors of LottVision Limited (the "**Company**") refers to the Company's circular to shareholders (the "**Circular**") dated 16 August 2012 in relation to the proposed acquisition (the "**Acquisition**") of 55% of the share capital of Nutryfarm Biomedicine International Limited ("**NFB**") and the announcement dated 19 October 2012 in relation to the completion of the Acquisition.

Unless otherwise defined, all capitalised terms used herein are as defined in the Circular.

Summary of the Profit Guarantee

As disclosed in the Circular, the Vendor had guaranteed that the audited net profit after tax of Nutryfarm (Chengdu) Biomedicine Ltd. ("**NFC**") (being a subsidiary of NFB) for the financial years from 1 April 2012 to 31 March 2013 ("**Profit Year 2013**") and from 1 April 2013 to 31 March 2014 ("**Profit Year 2014**") (collectively, the "**Target Periods**") will be RMB13 million and RMB16 million respectively (the "**Profit Targets**").

The Company has held part of the consideration payable under the Acquisition, being the sum of RMB16 million (the "**Retained Sum**") as security for the achievement of the Profit Targets as set out below:

- (a) If the audited net profit after tax of NFC during Profit Year 2013 meets or exceeds the Profit Target of RMB13 million, the Company shall pay the sum of RMB7.15 million to the Vendor within 10 working days after the issue of the audit report for NFC for Profit Year 2013; and
- (b) if the audited net profit after tax of NFC during Profit Year 2014 meets or exceeds the Profit Target of RMB16 million, the Company shall pay the sum of RMB8.8 million to the Vendor within 10 working days after the issue of the audit report for NFC for Profit Year 2014,

Provided Always That:-

- (i) all references to the audited net profit after tax of NFC shall refer to the audited net profit after tax of NFC during the Target Periods as determined in accordance with the International Financial Reporting Standards by an auditor appointed in the sole discretion of the Company;
- (ii) any audited net profit after tax in any particular financial year during the Target Period may not be used to offset any failure to meet any other Profit Target and / or audited net loss in the other financial year;
- (iii) subject to (iv) below, if the audited net profit after tax of NFC during any of the Target Periods fails to meet the respective Profit Target, the Company shall pay the respective portion of the Retained Sum to the Vendor less 55% of the difference between the respective Profit Target and the actual audited net profit after tax of NFC; and

- (iv) if NFC records an audited net loss after tax during any of the Target Periods, the Vendor shall pay the amount equivalent to 55% of the value of the audited net loss after tax to the Company within 10 working days after the issue of the audit report for NFC for the respective financial year. The audit reports of NFC for Profit Year 2013 and Profit Year 2014 should be no later than 90 days after the respective year end.

Satisfaction of the Profit Guarantee for Profit Year 2013

The Board of Directors of the Company is pleased that NFC has recorded an audited net profit after tax of RMB16.47 million for Profit Year 2013. Accordingly, the Profit Target for Profit Year 2013 in relation to NFC has been met, and the Company will pay part of the Retained Sum, being the amount of RMB7.15 million, to the Vendor within 10 working days after the issue of the audit report for NFC for Profit Year 2013.

Non-satisfaction of the Profit Guarantee for Profit Year 2014

The Board of Directors of the Company wished to announce that NFC has recorded an audited net profit after tax of RMB8.98 million for Profit Year 2014. Accordingly, as defined in the Circular the Profit Target for Profit Year 2014 in relation to NFC has not been met, and the Company will pay part of the Retained Sum amounting to RMB4.94 million, to the Vendor.

NFC has not met the Profit Target for Profit Year 2014 mainly because that: China Food and Drug Administration (“CFDA”) has strengthened inspection and management in food, medicine and other related products in China; NFC has focused on completing CFDA requirement and temporarily decreased sales. NFC is honoured that Mrs. Hai Qing (“Mrs. Hai”), one of the most famous Chinese movie stars, has agreed to be its brand ambassador since September 2013. Together with the newly launched products and Mrs. Hai’s wholesome image, NFC is confident to boost its business in the next financial year.

BY THE ORDER OF THE BOARD

Paul Gao Xiangnong
Chief Executive Officer and Executive Director
21 July 2014