# NNK GROUP LIMITED
# 年年卡集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3773)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

### FINANCIAL HIGHLIGHTS

- During the Reporting Period, all business achieved healthy and sustainable growth, and the Group became the first mobile data usage top-up service provider through electronic banking systems in China.

- Revenue increased by approximately 3.5% to approximately RMB231.4 million, as compared to approximately RMB223.6 million in the previous year.

- Gross profit increased by approximately 2.9% to approximately RMB115.7 million, as compared to approximately RMB112.5 million in the previous year.

- During the Reporting Period, profit for the year from continuing operation attributable to owners of the Company was approximately RMB26.8 million, representing a decrease of approximately 50.8% as compared to approximately RMB54.5 million in the previous year, which was mainly attributable to the one-off listing expenses incurred by the Group.

- Attributable to the significant increase in the Group's listing expenses, basic earnings per share from continuing operation decreased from approximately RMB0.18 in 2014 to approximately RMB0.09 in 2015.

- The Board does not recommend a final dividend for the year ended 31 December 2015.

The board (the "**Board**") of directors (the "**Directors**") of NNK Group Limited (the "**Company**") presents the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015 (the "**Reporting Period**"), together with the corresponding figures for the year ended 31 December 2014, as follows:

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
*FOR THE YEAR ENDED 31 DECEMBER 2015*

| | *Notes* | **2015** | 2014 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Continuing operation** | | | |
| Revenue | 5 | **231,370** | 223,553 |
| Less: Tax surcharge | | **(4,767)** | (5,143) |
| Cost of revenue | | **(110,867)** | (105,901) |
| Gross profit | | **115,736** | 112,509 |
| Other income and expenses | 6 | **8,426** | 2,598 |
| Distribution and selling expenses | | **(7,370)** | (5,664) |
| Administrative expenses | | **(24,804)** | (21,839) |
| Listing expenses | | **(24,240)** | (7,287) |
| Research and development expenses | | **(15,419)** | (8,739) |
| Finance costs | | **(13,802)** | (12,134) |
| Profit before tax | 7 | **38,527** | 59,444 |
| Income tax expense | 8 | **(11,724)** | (4,941) |
| Profit for the year from continuing operation | | **26,803** | 54,503 |
| Profit (loss) for the year from continuing operation attributable to | | | |
| - owners of the Company | | **26,803** | 54,520 |
| - non-controlling interests | | **—** | (17) |
| | | **26,803** | 54,503 |

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Discontinued operation** | | | |
| Loss for the year from discontinued operation attributable to owners of the Company | | **—** | (26,065) |
| Profit and total comprehensive income for the year | | **26,803** | 28,438 |
| Profit (loss) and total comprehensive income (expense) attributable to owners of the Company | | | |
| - from continuing operation | | **26,803** | 54,520 |
| - from discontinued operation | | **—** | (26,065) |
| | | **26,803** | 28,455 |
| Loss and total comprehensive expenses attributable to non-controlling interests | | | |
| - from continuing operation | | **—** | (17) |
| | | **26,803** | 28,438 |
| Earnings per share-basic | 10 | | |
| From continuing and discontinued operations (RMB) | | **0.09** | 0.10 |
| From continuing operation (RMB) | | **0.09** | 0.18 |

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
*AT 31 DECEMBER 2015*

| | *Notes* | **2015** | 2014 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Non-current assets** | | | |
| Property, plant and equipment | | **11,732** | 14,393 |
| Rental deposits | | **337** | 249 |
| Deferred tax assets | | **5,568** | — |
| | | **17,637** | 14,642 |
| **Current assets** | | | |
| Inventories | | **265,625** | 142,181 |
| Trade receivables | 11 | **38,138** | 46,393 |
| Prepayments, deposits and other receivables | 12 | **117,638** | 31,314 |
| Amounts due from Shareholders | | **—** | 10,045 |
| Amounts due from related companies | | **86,793** | 132,295 |
| Loans to third parties | | **—** | 10,500 |
| Tax recoverable | | **—** | 584 |
| Restricted bank deposits | | **27,000** | — |
| Cash and cash equivalents | | **49,968** | 21,269 |
| | | **585,162** | 394,581 |
| **Current liabilities** | | | |
| Trade payables | 13 | **55,055** | 54,059 |
| Other payables | 14 | **64,918** | 20,738 |
| Amounts due to related companies | | **—** | 99,452 |
| Tax payables | | **1,518** | — |
| Bank borrowings | | **344,815** | 103,000 |
| Dividend payable | | **—** | 30,000 |
| | | **466,306** | 307,249 |
| **Net current assets** | | **118,856** | 87,332 |
| **Total assets less current liabilities** | | **136,493** | 101,974 |

| | 2015 | 2014 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **Non-current liabilities** | | |
| Government grants | **2,419** | 3,983 |
| Deferred tax liabilities | **9,280** | — |
| | **11,699** | 3,983 |
| **Net assets** | **124,794** | 97,991 |
| **Capital and reserves** | | |
| Share/paid-in capital | **308** | 20,988 |
| Reserves | **124,486** | 77,003 |
| Equity attributable to owners of the Company | **124,794** | 97,991 |
| Non-controlling interests | **—** | — |
| **Total equity** | **124,794** | 97,991 |

## Notes to the Consolidated Financial Statements

*For the year ended 31 December 2015*

### 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 18 June 2014 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 7 January 2016. The Company's registered office is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The principal activity of the Group is engaged in providing mobile top-up service to mobile subscribers in the People's Republic of China (the "**PRC**").

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company and its subsidiaries.

### 2. BASIS OF PREPARATION OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Prior to the incorporation of the Company and the completion of the Corporate Reorganisation (as defined below), the Group carried out its business in the PRC through the following subsidiaries:

- Shenzhen Niannianka Network Technology Co., Ltd. ("**Shenzhen NNK**") carries the mobile top-up business; and

- Shenzhen Shenzhou Tongfu Technology Co., Ltd. ("**Shenzhou Tongfu**") carries the on-line payment business.

Pursuant to the financial institution regulation in the PRC, foreign investment in the on-line payment business is prohibited. Shenzhou Tongfu and its subsidiary, Chengdu Shenzhou Tongfu Technology Co., Ltd.("**Chengdu Tongfu**"), were disposed to a related company and the shareholders of the Company (the "**Shareholders**") on 26 November 2014.

The mobile top-up service provided by the Group are prohibited and restricted to foreign investment in the PRC pursuant to the applicable PRC laws and regulations. In preparation for the listing, the Group has adopted a series of contracts with the Shareholders (the "**Structured Contracts**") and Shenzhen NNK to maintain and exercise the control over the operation of Shenzhen NNK, and to obtain all of its entire economic benefits. The Structured Contracts are irrevocable and enable the Group to:

- exercise effective financial and operational control over Shenzhen NNK;

- exercise equity holders' voting rights of Shenzhen NNK;

- receive substantially all economic returns generated by Shenzhen NNK in consideration for the business support, technical and consulting services provided by the Group;

- obtain an irrevocable and exclusive right to purchase the entire equity interest in Shenzhen NNK from the Shareholders; and

- obtain a pledge over the entire equity interest of Shenzhen NNK from the Shareholders as collateral security for all of Shenzhen NNK due to the Group and to secure performance of Shareholders' obligations under the Structured Contracts.

Pursuant to the corporate reorganisation to rationalise the group structure in the preparation for the listing of the Company's shares on the Main Board of the Stock Exchange (the "**Corporation Reorganisation**"), the Company became the holding company of the companies now comprising the Group on 4 March 2015. The Group comprising the Company and its subsidiaries resulting from the Corporate Reorganisation is regarded as a continuing entity. Details of the Corporate Reorganisation are set out in the Company's prospectus dated 24 December 2015 (the "**Prospectus**").

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2014 and 31 December 2015 have been prepared as if the group structure under the Corporate Reorganisation had been in existence throughout the year ended 31 December 2014 and 31 December 2015 or since their respective dates of incorporation or establishment, whichever is the shorter period.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The provisions of the new Hong Kong Companies Ordinance (Cap 622) (the "**new CO**")regarding preparation of accounts and director's reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor company ordinance or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## 4. APPLICATION OF HKFRSs

The Group has consistently applied all HKFRSs which are effective for the Group's financial year beginning on 1 January 2015 for both current and prior year.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

| | |
|---|---|
| HKFRS 9 | Financial Instruments[1] |
| HKFRS 15 | Revenue from Contracts with Customers[1] |
| Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations[2] |
| Amendments to HKAS 1 | Disclosure Initiative[2] |
| Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation[2] |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2012-2014 Cycle[2] |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer Plants[2] |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements[2] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3] |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception[2] |

[1] Effective for annual periods beginning on or after 1 January 2018

[2] Effective for annual periods beginning on or after 1 January 2016

[3] Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of above new and revised standards and amendments will have no material impact on the consolidated financial statements of the Group.

## 5. REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segments:

| | **2015** | 2014 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **REVENUE** | | |
| **Continuing operation** | | |
| Mobile top-up business | **231,370** | 223,553 |
| **Discontinued operation** | | |
| On-line payment business | **—** | 1,465 |
| Less: Elimination | **—** | (61) |
| | **231,370** | 224,957 |
| **RESULTS** | | |
| Segment results and profit (loss) before tax from: | | |
| **Continuing operation** | | |
| Mobile top-up business | **38,527** | 59,444 |
| **Discontinued operation** | | |
| On-line payment business | **—** | (26,065) |
| | **38,527** | 33,379 |

Segment profit (loss) represents the result of each segment. This is the measure reported to the CODM for the purposes of resource allocation and segment performance assessment.

Inter-segment sales are charged at cost plus approach.

**Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable and operation segments:

| | 2015 | 2014 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **Segment assets** | | |
| **Continuing operation** | | |
| Mobile top-up business | **602,799** | 409,223 |
| **Segment liabilities** | | |
| **Continuing operation** | | |
| Mobile top-up business | **478,005** | 311,232 |

**Geographical information**

All of the Group's revenue and assets are principally derived from customers in the PRC and located in the PRC, no geographical segment information is presented.

**Information about major customers**

There was no revenue from individual customers of the Group's continuing and discontinued operations contributing over 10% of the total revenue of the Group during both years.

**Other segment information**

The followings are included in the measure of segment results and segment assets.

| | **Depreciation** | | **Additions to property, plant and equipment** | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Continuing operation** | | | | |
| Mobile top-up business | **7,423** | 4,814 | **5,275** | 8,197 |
| **Discontinued operation** | | | | |
| On-line payment business | **—** | 1,477 | **—** | 1,704 |
| | **7,423** | 6,291 | **5,275** | 9,901 |

## 6. OTHER INCOME AND EXPENSES

| | **2015** | 2014 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interest income | | |
| - from structured products | **1,482** | 207 |
| - from bank deposits | **229** | 998 |
| - from loans to third parties | **93** | 527 |
| Government grants | **1,564** | 1,061 |
| Government subsidy | **5,024** | — |
| Others | **34** | (195) |
| | **8,426** | 2,598 |

## 7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

| | **2015** | 2014 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Staff costs (including directors' emoluments) | | |
| Salaries and other benefits | | |
| - Continuing operation | **23,474** | 17,282 |
| - Discontinued operation | **—** | 5,246 |
| | **23,474** | 22,528 |
| Retirement benefits scheme contributions | | |
| - Continuing operation | **3,160** | 1,593 |
| - Discontinued operation | **—** | 681 |
| | **3,160** | 2,274 |
| Total staff costs | **26,634** | 24,802 |
| Depreciation of property, plant and equipment | | |
| - Continuing operation | **7,423** | 4,814 |
| - Discontinued operation | **—** | 1,477 |
| | **7,423** | 6,291 |
| Loss on disposals of property, plant and equipment | | |
| - Continuing operation | **—** | 22 |
| Auditor's remuneration | | |
| - Continuing operation | **1,359** | 93 |
| - Discontinued operation | **—** | 33 |
| | **1,359** | 126 |
| Operating lease rentals | | |
| - Continuing operation | **2,061** | 2,052 |
| - Discontinued operation | **—** | 769 |
| | **2,061** | 2,821 |

## 8. INCOME TAX EXPENSE

| | **2015** | 2014 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| PRC Enterprise Income Tax ("**EIT**") | | |
| Current | **8,486** | 4,941 |
| Over-provision in prior year | **(474)** | — |
| | **8,012** | 4,941 |
| Deferred tax | **3,712** | — |
| | **11,724** | 4,941 |

The Company was incorporated in the Cayman Islands and is exempted from income tax.

**Hong Kong**

The applicable tax rate of the subsidiary in Hong Kong is 16.5%. No provision for Hong Kong Profits Tax was made in the consolidated financial statements, as no assessable profit was generated in Hong Kong.

**PRC**

Pursuant to the Enterprise Income Tax Law and Implementation Regulations of the Law of the PRC which became effective on 1 January 2008, the applicable tax rate of PRC subsidiaries is 25% during the two years.

In 2013, Shenzhen NNK was qualified as "Software Enterprise" by the Shenzhen Economic Trading and Information Commission and therefore was entitled to tax holidays for two years followed by 50% exemption for the next three years commencing from 2010, which was the first profit making year.

In September 2014, Shenzhen NNK was qualified as a High and New Technology Enterprise by Shenzhen Finance Bureau, Administrator of Local Taxation of Shenzhen Municipality and Shenzhen Municipal office of the State Administration of Taxation, and therefore was entitled to 15% preferential tax rate for three years starting from the year ending 31 December 2015, according to the PRC EIT Law. Accordingly, the tax rate of Shenzhen NNK is 15% for the year ended 31 December 2015.

## 9. DIVIDENDS

On 10 May 2014, a dividend of RMB30,000,000 was declared by Shenzhen NNK to the Shareholders which was paid in March 2015. No dividend has been paid or declared by the Group for the year ended 31 December 2015.

## 10. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit attributable to the owners of the Company and 300,000,000 ordinary shares for the years ended 31 December 2015 and 2014 on the assumption that the Corporate Reorganisation and the issue of shares pursuant to the global offering had been effective on 1 January 2014 and the sub-division of shares on 17 April 2015 as described in note 15 has been adjusted retrospectively.

| | **2015** | 2014 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **For continuing and discontinued operations** | | |
| Profit for the year attributable to owners of the Company for the purposes of basic earnings per share | **26,803** | 28,455 |
| **For continuing operation** | | |
| Profit for the year attributable to owners of the Company for the purposes of basic earnings per share | **26,803** | 54,520 |

**From discontinued operation**

Basic loss per share for the discontinued operation for the years ended 31 December 2014 is RMB0.09 per share based on the loss for the year from the discontinued operation of RMB26,065,000 and the denominators detailed above.

There were no dilutive potential ordinary shares during both years and therefore, diluted earnings per share are not presented.

## 11. TRADE RECEIVABLES

| | 2015 | 2014 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Trade receivables | **38,138** | 46,393 |

Trade receivables mainly represent receivable from financial institution in relation to the mobile top-up service which the settlement period is normally within 1 day from transaction date. For the corporate customers, the credit period was about 30-60 days granted by the Group. The Group did not hold any collateral over these balances.

Before accepting any new corporate customers, the management of the Group will base on the credit quality of the potential customers to define credit limits. Credit limits to customers are reviewed annually over these balances.

The following is an analysis of trade receivables by age, presented based on the date of service provided and revenue recognised:

| | 2015 | 2014 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| 0 to 30 days | **37,697** | 46,393 |
| 30 to 60 days | **441** | — |
| | **38,138** | 46,393 |

All the trade receivables are neither past due nor impaired during both years.

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 2015 | 2014 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Prepayments for mobile top-up credit | **106,595** | 29,320 |
| Deferred listing cost attributable to issue of shares | **10,402** | — |
| Loans to employees | **—** | 588 |
| Deposits for tendering | **—** | 449 |
| Temporary advances to staff | **83** | 364 |
| Others | **558** | 593 |
| | **117,638** | 31,314 |

## 13. TRADE PAYABLES

| | **2015** | 2014 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Amounts due to third parties | **55,055** | 54,059 |

The Group is normally granted credit terms of about 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

The following is an aged analysis of trade payables presented based on the invoice date:

| | **2015** | 2014 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0 to 90 days | **16,096** | 20,928 |
| 91 to 180 days | **9,342** | 7,780 |
| 181 to 360 days | **29,617** | 25,351 |
| | **55,055** | 54,059 |

## 14. OTHER PAYABLES

| | **2015** | 2014 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Receipts in advance | **45,985** | 16,637 |
| Accrued salaries | **3,183** | 2,755 |
| Other taxes payables | **726** | 892 |
| Payable for listing expenses | **12,940** | — |
| Payable for audit fee | **1,324** | — |
| Others | **760** | 454 |
| | **64,918** | 20,738 |

## 15. SHARE/PAID-IN CAPITAL

The share capital/paid-in capital of the Group at 31 December 2014 represented the aggregate of the share capital of the Company and the paid-in capital of Shenzhen NNK.

The share capital at 31 December 2015 represented the share capital of the Company.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands on 18 June 2014 with 50,000 authorised shares of US$1 each.

On 17 April 2015, the authorised and issued share capital of the Company was divided from 50,000 shares at par value of US$1.00 each to 5,000,000 shares at par value of US$0.01 each (the "**Sub-division**").

Following the Sub-division, the authorised share capital of the Company was increased from US$50,000 at par value of US$0.01 each to US$20,000,000 at par value of US$0.01 each.

Pursuant to written resolutions of the Company's shareholders passed on 14 December 2015, conditional upon the crediting of the share premium account of the Company as a result of the issue of shares pursuant to the global offering set out in the section headed " Share Capital" in the Prospectus, the directors of the Company had authorised to allot and issue a total of 295,000,000 shares, by way of capitalisation of the sum of approximately US$2,950,000 standing to the credit of the share premium account of the Company, credited as fully paid at par to the shareholders as appearing on the register of members of the Company ("**Capitalisation Issue**"). The Capitalisation Issue was completed on 7 January 2016.

On 7 January 2016, 100,000,000 ordinary shares of US$0.01 each of the Company were issued at a price of HK$1 by global offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange. The proceeds of RMB6,565,000 (equivalent to approximately US$1,000,000) representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of RMB77,462,000 (equivalent to approximately US$11,800,000), before issuing expenses, were credited to share premium account.

On 26 January 2016, 15,000,000 ordinary shares of US$0.01 each of the Company were issued at a price of HK$1 by pursuant to the exercise of over-allotment option. The proceeds of RMB983,000 (equivalent to approximately US$150,000) representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of approximately RMB12,451,000 (equivalent to approximately US$1,900,000), before issuing expenses, were credited to share premium account.

Details of movements of authorised and issued capital of the Company are as follow:

| | Number of authorised shares | Number of issued shares | Issued and fully paid share capital |
|---|---|---|---|
| As at 18 June 2014 (date of incorporation) and 31 December 2014 | 50,000 | 50,000 | US$50,000 |
| Sub-division | 4,950,000 | 4,950,000 | — |
| Increase in authorised share capital | 1,995,000,000 | — | — |
| As at 31 December 2015 | 2,000,000,000 | 5,000,000 | US$50,000 |
| Balance presented in RMB'000 | | | 308 |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group is a leading specialized online transaction service provider in the mobile top-up service industry in China. The Group's core business consists of mobile top-up services through (i) electronic banking systems of PRC banks; (ii) offline channels, including convenience stores, mobile phone stores and other chains of retailer; and (iii) third-party online platforms, Group's self-operated websites and Group's Wechat public account. The Group derives revenue primarily from mobile top-up services through electronic banking systems of PRC banks and offline channels.

For the year ended 31 December 2015, the Group's revenue was approximately RMB231.4 million, representing an increase of approximately 3.5% as compared with approximately RMB223.6 million for the year ended 31 December 2014. The increase of the Group's revenue was mainly due to the increase of mobile top-up requests we received through electronic banking systems of PRC banks and the expansion of our network of additional banks. The increase in revenue was also partially due to the increase in mobile top-up requests received from our offline channels and others channels resulting from our efforts to expand our networks of offline channel partners and other channel partners. As a result, during the Reporting Period, Group's gross profit was approximately RMB115.7 million, representing an increase of approximately 2.9% as compared with approximately RMB112.5 million in 2014. The Group's gross profit margin was approximately 50.0% for the year ended 31 December 2015, as compared to approximately 50.3% in 2014.

During the Reporting Period, profit from continuing operation attributable to owners of the Company was approximately RMB26.8 million, representing a decrease of 50.8% as compared with approximately RMB54.5 million in 2014. The decrease of profit from continuing operation was mainly attributable to (i) the increase of approximately RMB17.0 million of non-recurring expense recognized during the Reporting Period in connection with the listing of the shares of the Company on the main board of the Stock Exchange; (ii) the increase of research and development expenses of approximately RMB6.7 million mainly due to the increase of salaries and allowance for the Group's research staff and the increase of depreciation cost of computer and office equipment; (iii) the increase of approximately RMB 6.8 million of income tax, which include approximately RMB3.7 million of deferred tax (the "**Deferred Tax**") recognized in 2015 in relation to the annual management fee of Shenzhen NNK to Daily Charge Technology (Shenzhen) Co., Ltd. pursuant to the Contractual Arrangements; and (iv) the growth rate of revenue for the year ended 31 December 2015 as compared to the year ended 31 December 2014 is lower than that for nine months ended 30 September 2015 as compared to the nine months ended 30 September 2014.

## Financial Review

### *Revenue*

For the year ended 31 December 2015, the gross transaction value with mobile users was approximately RMB18,446.2 million, representing an increase of approximately 14.5% as compared with approximately RMB16,110.2 million for the year ended 31 December 2014.

For the year ended 31 December 2015, the Group's revenue was approximately RMB231.4 million, representing an increase of approximately 3.5% as compared with approximately RMB223.6 million for the year ended 31 December 2014. The increase in revenue was mainly attributable to the increase of transaction amount from mobile top-up services through (i) electronic banking systems of PRC banks; (ii) offline channels, including convenience stores, mobile phone stores and other chains of retailer; and (iii) third-party online platforms, the Company's self-operated websites and its wechat public account.

(i) *Mobile top-up services through electronic banking systems of PRC banks*

The transaction amount of mobile top-up services through electronic banking systems for the year ended 31 December 2015 was approximately RMB13,977.4 million, representing an increase of approximately RMB1,054.1 million or 8.2% as compared with approximately RMB12,923.3 million in 2014.

(ii) *Mobile top-up services through offline channels, including convenience stores, mobile phone stores and other chains of retailer*

For the year of 2015, transaction amount through offline channels was approximately RMB3,335.3 million, representing an increase of approximately RMB587.2 million or 21.4% as compared with approximately RMB2,748.1 million in 2014.

(iii) *Mobile top-up services through third-party online platforms, our self-operated websites and our Wechat public account*

During the year ended 31 December 2015, transaction amount through third-party online platforms, the Company's self-operated websites and it's wechat public account was approximately RMB1,133.5 million, representing an increase of approximately RMB694.7 million or 158.3% as compared with approximately RMB438.8 million in 2014.

Nonetheless, due to the increasing promotion campaigns carried out and/or discounts offered by the competitors in the e-commerce platforms and the decrease in the discount rate that the Group received from the PRC telecommunication operators and their distributors in the fourth quarter of 2015, the growth rate of the revenue for the year ended 31 December 2015 decreased as compared to that of the nine months ended 30 September 2015.

**Cost of revenue**

Cost of revenue comprises transaction costs, primarily including commission fees and interface maintenance fees. Commission fees primarily represent fees charged by PRC banks for handling mobile top-up service requests via their electronic banking systems and fees charged by mobile top-up offline channels for relaying the mobile top-up requests they received from mobile users to the Company. Interface maintenance fees primarily represent fees charged by network providers for facilitating online mobile top-up services provided by the Company.

Cost of revenue of the Group was approximately RMB110.9 million in 2015, representing a slightly increase of approximately 4.7% as compared with approximately RMB105.9 million in 2014.

**Gross profit and gross margin**

During the Reporting Period, the gross profit of the Group was approximately RMB115.7 million, representing an increase of approximately 2.9% from approximately RMB112.5 million in 2014.

The Group's overall gross profit margin was approximately 50.0% for the year ended 31 December 2015, slightly decreased by 0.3% as compared with approximately 50.3% in the previous year.

**Other income and expense**

During the Reporting Period, the Group recorded other income and expense of approximately RMB8.4 million, representing an increase of approximately 224.3% as compared with approximately RMB2.6 million in 2014. The increase of other income was primarily due to the increase in the interest income from structured products of RMB1.3 million and government subsidy of RMB5.0 million for the year ended 31 December 2015.

On 16 September 2015 and 21 December 2015, the relevant government authority granted one-off subsidies to the Group amounting to RMB4,889,000 and RMB135,000, respectively, in relation to certain finance costs paid to the banks in prior periods.

**Distribution and selling expenses**

Distribution and selling expenses amounted to approximately RMB7.4 million for the year ended 31 December 2015, as compared to RMB5.7 million for the year ended 31 December 2014. Distribution and selling expenses primarily consist of salaries and allowances for the Group's sales personnel. The increase was primarily because of the increase in benefits and other incentives paid to our sales staff as a result of the increase in the Group's total transaction amount with mobile users and the hiring of additional sales staff.

**Administration expenses**

Administration expenses were approximately RMB24.8 million for the year ended 31 December 2015, representing an increase of approximately 13.6% from approximately RMB21.8 million for the year ended 31 December 2014. Administration expenses mainly consist of salaries and allowances for administrative staff, rental expenses, professional fees and welfare expense. The increase in administration expenses was due to the increase of salaries and allowances for administrative staff and welfare expenses.

**Listing expenses**

The listing expenses of the Group incurred for the years of 2014 and 2015 were approximately RMB7.3 million and RMB24.2 million respectively. For the year ended 31 December 2015, the listing expenses increased by approximately RMB17.0 million or 232.6% as compared with the previous year. The listing expenses were mainly incurred for professional services provided by various professional parties in relation to the global offering.

**Research and development expenses**

Research and development expenses primarily consist of salaries and allowances for our research and development staff and depreciation. During the Reporting Period, the Group's research and development expenses were approximately RMB15.4 million, representing an increase of 76.4% as compared with the previous year. The increase of research and development expenses was mainly due to the increase of salaries and allowances for the Group's research and development staff and the increase of depreciation cost of computer and office equipment.

### Finance cost

During the Reporting Period, finance cost of the Group was mainly attributable to the interest expense from bank borrowings of approximately RMB13.8 million. Finance cost increased by approximately 13.7% as compared to approximately RMB12.1 million in 2014. The increase of finance cost was primarily due to the increase in bank borrowings for the purchase of mobile top-up credits as a result of the increase in our gross transaction value with mobile users.

### Profit before tax

During the Reporting Period, the Group's profit before tax was approximately RMB38.5 million, down by approximately RMB20.9 million or 35.2% as compared with approximately RMB59.4 million in 2014.

The decrease of profit before tax was mainly due to the non-recurring listing expenses, and the increase of research and development expenses which was mainly due to the increase in salaries and allowances for the Group's research and development staff and the increase of depreciation cost of computer and office equipment.

### Income tax expense

During the Reporting Period, the Group's income tax expense was approximately RMB11.7 million, an increase of approximately 137.3% as compared with approximately RMB4.9 million for the year ended 31 December 2014. The increase of income tax expense was mainly due to the increase of income tax rate, from 12.5% to 15% in the PRC and the increase of approximately RMB3.7 million of deferred tax recognized in 2015 in relation to the annual management fee of Shenzhen NNK to Daily Charge (Shenzhen) pursuant to the Contractual Arrangements.

### Profit from continuing operation attributable to owners of the Company

During the Reporting Period, profit from continuing operation attributable to owners of the Company was approximately RMB26.8 million, representing a decrease of 50.8% as compared with approximately RMB54.5 million in 2014. The decrease of profit from continuing operation was mainly attributable to (i) the increase of approximately RMB17.0 million of non-recurring expense recognized during the Reporting Period in connection with the listing of the shares of the Company on the main board of the Stock Exchange; (ii) the increase of research and development expenses of approximately RMB6.7 million mainly due to the increase of salaries and allowance for the Group's research staff and the increase of depreciation cost of computer and office equipment; (iii) the increase of approximately RMB 6.8 million of income tax, which include approximately RMB3.7 million of deferred tax (the "**Deferred Tax**") recognized in 2015 in relation to the annual management fee of Shenzhen NNK to Daily Charge Technology (Shenzhen) Co., Ltd. pursuant to the Contractual Arrangements. (iv) the growth rate of revenue for the year ended 31 December 2015 as compared to the year ended 31 December 2014 is lower than that for nine months ended 30 September 2015 as compared to the nine months ended 30 September 2014.

**Net profit margin**

During the Reporting Period, the Group's net profit margin from continuing operation was approximately 11.6%, representing a decrease of approximately 12.8% as compared with approximately 24.4% in 2014. The decrease of net profit margin from continuing operation was mainly attributable to the increase of non-recurring expense recognized during the Reporting Period in connection with the listing of the shares of the Company on the main board of the Stock Exchange and the increase of research and development expenses, and the increase of income tax.

**Trade receivables**

The Group's sales are mainly in cash and the Group's receivables mainly represent receivables from PRC banks in relation to our mobile top-up services. All the trade receivables are non-interest bearing and the Group did not hold any collateral over these balances.

The Group's trade receivables turnover days indicate the time required for us to obtain cash proceeds from our services. The Group maintained short turnover days because the Group's trade receivables mainly represent receivables from PRC banks in relation to the Group's mobile top-up services, the settlement period of which is normally within one day from the transaction date.

As at the end of the Reporting Period, trade receivables of the Group amounted to approximately RMB38.1 million, a decrease of 17.8% as compared with approximately RMB46.4 million in 2014. The decrease of trade receivables primarily reflecting the decrease in the gross transaction value at the end of 2015.

**Prepayments, deposits and other receivables**

As at the end of the Reporting Period, prepayments, deposits and other receivables of the Group amounted to approximately RMB117.6 million, an increase of approximately RMB86.3 million or 275.7% as compared with approximately RMB31.3 million for the year ended 31 December 2014. The increase of prepayments were primarily due to the increase of the Group's prepayment for mobile top-up credits and the deferred listing cost attributable to issue of shares.

**Liquidity and Financial Resources**

During the Reporting Period, the Group's working capital was financed by cash generated from operating activities and bank loans.

As at 31 December 2015, the total assets of the Group were approximately RMB602.8 million, representing an increase of approximately RMB193.6 million or 47.3% as compared with approximately RMB409.2 million as at 31 December 2014. The Group had total non-current asset of approximately RMB17.6 million, compared to approximately RMB14.6 million as at 31 December 2014. As at 31 December 2015, the current assets of the Group were approximately RMB 585.2 million, representing an increase of approximately RMB190.6 million or 48.3% as compared with approximately RMB 394.6 million as at 31 December 2014. As at 31 December 2015, the current liabilities of the Group were approximately RMB466.3 million, as compared to approximately RMB307.2 million as at 31 December 2014. The Group's current ratio was approximately 1.25 as at 31 December 2015 (2014: 1.28).

As at 31 December 2015, the cash and cash equivalents amounted to approximately RMB50.0 million (2014: 21.3 million).

As at 31 December 2015, the bank borrowings of the Group amounted to approximately RMB344.8 million, representing an increase of approximately RMB 241.8 million or 234.8% as compared with RMB103.0 million as at 31 December 2014. The bank loans will be repayable within one year.

The total equity of the Group as at 31 December 2014 and 2015 was approximately RMB98.0 million and RMB124.8 million. As at 31 December 2015, the gearing ratio (calculated by dividing the sum of amounts due to related companies, amounts due to Shareholders, loans from a related company, loans from Shareholders, bank borrowings and dividends payable by total equity as at the end of the year/period) of the Group increased to 2.76 from 2.37 as of 31 December 2014. The increase of the gearing ratio was mainly due to the increase of bank borrowings in 2015.

**Charges on assets**

As at 31 December, 2015, the Group did not have any asset charges.

### Foreign Exchange Policy

As at 31 December 2015, a portion of the Group's bank borrowing of approximately RMB19,815,000 was denominated in HK dollars, which exposed the Group to market risk arising from changes in foreign exchange rate. The Group currently does not have a foreign currency hedging policy. However, the management of the Group will monitor foreign exchange exposure closely and consider the usage of hedging instruments when the need arises.

### Capital Expenditure

During the Reporting Period, the Group had capital expenditure of approximately RMB5.3 million, which was mainly related to the purchase of computers and office equipment.

### Contingent liabilities and Guarantees

As at 31 December 2015, the Group did not have any significant contingent liabilities, guarantees or any litigation against the Group.

## SIGNIFICANT INVESTMENT AND CAPITAL COMMITMENT

As at 31 December 2015, the Group did not hold any material investment, had no material capital commitments and no future plans for material investments or capital assets.

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES

On 26 November 2014, Shenzhen NNK disposed 90.5% and 9.5% equity interests in Shenzhou Tongfu and its subsidiary, Chengdu Tongfu, to a related company and the Shareholders, respectively, at an aggregate consideration of RMB85.0 million, which has been fully settled in April 2015.

## EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2015, the Group employed a total of 198 employees. Total staff cost (including Director's remuneration) was approximately RMB26.6 million for the Reporting Period, as compared with approximately RMB24.8 million in 2014. The Group has been recruiting and promoting individuals based on merit and their development potentials. Remuneration package offered to all employees, including

Directors, is determined with reference to their performance, qualifications, experience and the prevailing salary levels in the market. The Group has been providing training opportunities for its employees in order to increase their qualifications and skills.

## OUTLOOK AND PROSPECTS

The management of the Group believes that challenges and opportunities coexist in current business environment. As competition in the mobile top-up service industry intensifies, it may be challenging for the Group to maintain the growth rate as previous years. In order to maintain the Group's leading position in the specialized online transaction service provider in the highly competition mobile top-up service industry in China, the management of the Group accomplishes the following strategies: (i) enhance the Group's cooperation with PRC banks and continue to expand our bank network; (ii) expand the Group's services in offline channels and e-commerce platforms; (iii) continue to expand the Group's user base; (iv) continue to strengthen the Group's research and development capabilities and investment in technology, and (v) pursue strategic alliances and acquisition opportunities.

As at 31 December 2015, there were no changes of business plan that disclosed in the Prospectus.

## CORPORATE GOVERNANCE

As the Company was listed on the Stock Exchange on 7 January 2016 (the "**Listing Date**"), the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") was not applicable to the Company for the period from 1 January 2015 to 31 December 2015.

It is the belief of the Board that good corporate governance plays a vital part in maintaining the success of the Company. The Board and the senior management are dedicated to establishing and maintaining a high level of corporate governance. The Company has adopted the Code Provisions as set out in the CG Code as set out in Appendix 14 to the Listing Rules("**Code Provisions**") since 7 January 2016.

From the Listing Date and up to the date of this announcement, the Company has complied with the Code Provisions. The Directors will review the Company's corporate governance polices and compliance with the Code Provisions from time to time.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

As the Company was listed on the Stock Exchange on 7 January 2016, the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors was not applicable to the Company for the period from 1 January 2015 to 31 December 2015.

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors since the Listing Date. All Directors confirmed that, after specific enquiries were made by the Company, they have complied with the required standard of dealings as set out in the Model Code through the period from the Listing Date to the date of the Board meeting approving the annual results announcement for the year ended 31 December 2015.

## AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with written terms of reference which deal clearly with its authority and duties. The primary duties of the Audit Committee are, among other things, to review and supervise the Company's financial reporting process and internal controls. The Audit Committee has reviewed, with the management and the external auditors of the Company, Deloitte Touche Tohmatsu, the accounting principles and policies adopted by the Group, and reviewed the financial information of the Group, annual results and the results announcement of the Company for the year ended 31 December 2015.

The Audit Committee consists of three independent non-executive directors, being Ms. Zhao Jinlin, Mr. Qian Haomin and Mr. Lin Zhangxi. Ms. Zhao Jinlin has been appointed as the Chairlady of the Audit Committee.

## PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The company was not listed on the Stock Exchange until the Listing Date. From the Listing Date to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

## DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2015 (2014: a dividend of RMB30,000,000 was declared by Shenzhen NNK).

## SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## SHARE OPTION SCHEME

A share option scheme (the "**Share Option Scheme**"), which was conditionally adopted by the Company on 14 December 2015, are set out in Appendix IV to the Prospectus. During the period between the Listing Date and up to the date of this announcement, no share options were granted, exercised, lapsed or cancelled by the Company under the Share Option Scheme.

## PUBLICATION OF ANNUAL RESULTS ANNOUCEMENT AND ANNUAL REPORT

This announcement will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.nnk.com.hk). The 2015 Annual Report will also be published on the Stock Exchange's website and the Company's website and will be dispatched to the Shareholders.

## ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Shareholders will be held on a date to be fixed by the Board. Notice of Annual General Meeting will be published and despatched to the Shareholders in due course.

By order of the Board
**NNK Group Limited**
**Huang Junmou**
*Chairman*

Hong Kong, 22 March 2016

*As at the date of this announcement, the Board comprises Mr. Huang Junmou and Mr. Yang Hua as executive directors; Mr. Li Xiangcheng, Mr. Xu Xinhua and Mr. Yu Zida as non-executive directors; and Mr. Lin Zhangxi, Mr. Qian Haomin and Ms. Zhao Jinlin as independent non-executive directors.*