NNK Group Limited
年年卡集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3773)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 28.2% to approximately RMB86.1 million, as compared with the corresponding period in 2015.
- Gross profit decreased by approximately 22.9% to approximately RMB45.7 million, as compared with the corresponding period in 2015.
- Profit attributable to owners of the Company increased by approximately 6.5% to approximately RMB19.3 million, as compared with the corresponding period in 2015.
- Basic earnings per share decreased slightly, as compared with the corresponding period in 2015.

The board (the "**Board**") of directors (the "**Directors**") of NNK Group Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2016 (the "**Reporting Period**" or "**Period under Review**"), together with the comparative figures for the corresponding period in 2015. The unaudited consolidated interim results have been reviewed by the Company's Audit Committee (the "**Audit Committee**") and the Company's auditors, Deloitte Touche Tohmatsu.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	**For the six months ended 30 June 2016**	For the six months ended 30 June 2015
		(Unaudited)	*(Unaudited)*
		RMB'000	*RMB'000*
Revenue	4	**86,106**	119,897
Less: Tax surcharge		**(1,323)**	(2,499)
Cost of revenue		**(39,044)**	(58,096)
Gross profit		**45,739**	59,302
Other income and expenses		**2,941**	2,019
Distribution and selling expenses		**(3,456)**	(3,545)
Administrative expenses		**(12,860)**	(11,241)
Listing expenses		**—**	(11,278)
Research and development expenses		**(6,689)**	(7,021)
Finance costs	5	**(5,927)**	(6,216)
Profit before tax	6	**19,748**	22,020
Income tax expense	7	**(444)**	(3,888)
Profit and total comprehensive income for the period		**19,304**	18,132
Profit for the period attributable to owners of the Company		**19,304**	18,132
Earnings per share	9		
– Basic (RMB)		**0.05**	0.06
– Diluted (RMB)		**0.05**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	**As at 30 June 2016 (Unaudited) RMB'000**	As at 31 December 2015 *(Audited) RMB'000*
Non-current assets			
Property, plant and equipment	10	**8,075**	11,732
Rental deposits		**306**	337
Deferred tax assets		**5,568**	5,568
		13,949	17,637
Current assets			
Inventories		**168,319**	265,625
Trade receivables	11	**56,824**	38,138
Prepayments, deposits and other receivables		**38,659**	117,638
Amounts due from related companies		**53,345**	86,793
Restricted bank deposits		**—**	27,000
Cash and cash equivalents		**125,284**	49,968
		442,431	585,162
Current liabilities			
Trade payables	12	**43,678**	55,055
Other payables		**33,951**	64,918
Tax payables		**68**	1,518
Bank borrowings		**148,750**	344,815
		226,447	466,306
Net current assets		**215,984**	118,856
Total assets less current liabilities		**229,933**	136,493

	NOTES	As at 30 June 2016 (Unaudited) RMB'000	As at 31 December 2015 (Audited) RMB'000
Non-current liabilities			
Government grants		**1,645**	2,419
Deferred tax liabilities		**9,280**	9,280
		10,925	11,699
Net assets		**219,008**	124,794
Capital and reserves			
Share capital	13	**27,221**	308
Reserves		**191,787**	124,486
Total equity		**219,008**	124,794

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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. Its ultimate controlling shareholders are Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua and Huang Shaowu (collectively referred to as the "Shareholders"). The Company's registered office is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is 6/F, 3 Building A Arta, Internet Industry Base, Xixiang, Baoyuan Road, Bao'an District, Shenzhen, the Peoples Republic of China (the "PRC"). 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 PRC.

The condensed 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 CONDENSED PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The mobile top-up service provided by the Group is 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 Niannianka Network Technology Co., Ltd. ("Shenzhen NNK") to maintain and exercise the control over the operation of Shenzhen NNK, and to obtain 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 "Corporate 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 condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period ended 30 June 2015 have been prepared as if the group structure under the Corporate Reorganisation had been in existence throughout the period ended 30 June 2015 or since their respective dates of incorporation or establishment, whichever is the shorter period.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to Hong Kong Accounting Standard 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the above amendments to HKFRS in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors, the chief operating decision maker (the "CODM"), in order to allocate resources to the segments and to assess their performance.

The CODMs review the Group's profit as a whole, which is generated from the provision of mobile top-up service by the Group to customers and determined in accordance with the Group's accounting policies, for performance assessment. Therefore, no separate segment information is prepared by the Group.

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 operations contributing over 10% of the total revenue of the Group during both periods.

5. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	(Unaudited)	*(Unaudited)*
Interest on bank borrowings	**5,927**	6,216

6. PROFIT BEFORE TAX

	Six months ended 30 June	
	2016	2015
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments	**1,462**	1,819
Salaries and other benefits, excluding those of directors	**9,623**	9,586
Retirement benefits schemes contributions, excluding those of directors	**1,393**	1,380
Total staff costs	**12,478**	12,785
Depreciation of property, plant and equipment	**3,732**	3,629
Operating lease rentals	**862**	1,085
Interest income	**(582)**	(218)

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**383**	4,021
– Under (over)-provision in prior years	**61**	(133)
Taxation	**444**	3,888

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 condensed 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 (the "PRC EIT Law") which became effective on 1 January 2008, the statutory tax rate of PRC subsidiaries is 25% during the two periods.

In September 2014, Shenzhen NNK, a PRC subsidiary, was qualified as a High and New Technology Enterprise by Shenzhen Technological Innovation Committee, 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 ended 31 December 2015, in accordance with the PRC EIT Law. Accordingly, the tax rate of Shenzhen NNK is 15% for both periods.

In January 2016, Daily Charge Technology (Shenzhen) Limited ("Daily Charge SZ"), a wholly foreign-owned enterprise of the Company, was accredited as a software enterprise by the Shenzhen Software Industry Association, and therefore could enjoy an income tax exemption for two years starting from its first profit-making year and a 50% tax reduction to an income tax rate of 12.5% for the subsequent three years.

8. DIVIDENDS

No dividends were paid, declared or proposed during the interim period and a dividend amounted to RMB30,000,000 in respect of the year ended 31 December 2014 was paid to the owners of the Company on 11 March 2015.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Earnings for the purpose of basic and diluted earnings per share:		
– profit for the period attributable to the owners of the Company	**19,304**	18,132

	Number of shares	
	Six months ended 30 June	
	2016	2015
	(Unaudited)	*(Unaudited)*
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**409,643**	300,000
Effect of dilutive potential ordinary shares		
Over-allotment option from global offering	**520**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**410,163**	N/A

The basic earnings per share is calculated based on 300,000,000 ordinary shares for the period ended 30 June 2015 on the assumption that the Corporate Reorganisation and the Capitalisation Issue (as defined in note 13) had been effective on 1 January 2015 and the sub-division of shares on 17 April 2015 as described in note 13 has been adjusted retrospectively.

No dilutive earnings per share is presented for the six months ended 30 June 2015 as there was no potential ordinary share in issue during that period.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2016, the Group disposed of certain plant and machinery with an aggregate carrying amount of RMB501,000 (unaudited) (six-month period ended 30 June 2015: RMB36,000 (unaudited)) for proceeds of RMB501,000 (unaudited) (six-month period ended 30 June 2015: RMB36,000 (unaudited)), resulting in no gain or loss on disposal for both periods. In addition, the Group paid RMB576,000 (unaudited) (six-month period ended 30 June 2015: RMB3,966,000 (unaudited)) for the acquisition of property, plant and equipment to expand its operations.

11. TRADE RECEIVABLES

The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the date of service provided and revenue recognised, at the end of each reporting period:

	30 June 2016	31 December 2015
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
0 - 30 days	**46,248**	37,697
31 - 60 days	**2,668**	441
61 - 90 days	**5,438**	—
Over 90 days	**2,470**	—
	56,824	38,138

12. TRADE PAYABLES

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

	30 June 2016	31 December 2015
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
0 to 90 days	**9,921**	16,096
91 to 180 days	**6,303**	9,342
181 to 360 days	**27,454**	29,617
	43,678	55,055

13. SHARE CAPITAL

The share capital at 30 June 2016 and 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 ("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 (equivalent to approximately RMB19,365,000) (unaudited) 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) (unaudited) 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) (unaudited), 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) (unaudited) 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) (unaudited), 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**	
			US$	*RMB'000*
As at 1 January 2015	50,000	50,000	50,000	308
Sub-division	4,950,000	4,950,000	—	—
Increase in authorised share capital	1,995,000,000	—	—	—
As at 30 June and 31 December 2015	2,000,000,000	5,000,000	50,000	308
Issue of new shares by Capitalisation Issue (unaudited)	—	295,000,000	2,950,000	19,365
Issue of new shares by ways of global offering (unaudited)	—	100,000,000	1,000,000	6,565
Issue of new shares by exercise of over-allotment option (unaudited)	—	15,000,000	150,000	983
As at 30 June 2016 (unaudited)	**2,000,000,000**	**415,000,000**	**4,150,000**	**27,221**

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in providing mobile top-up services to mobile users through electronic banking systems of PRC banks, offline channels including convenience stores, mobile phone stores and other third party retailer chains, and other channels including third-party online platforms, its own websites and Wechat public account. The Group developed its business by (i) enhancing cooperation with PRC banks to expand its bank network, (ii) tightening cooperation relationship with channel partners to lower commission fees charged to the Group by the channel partners, (iii) strengthening cooperation with telecommunication operators as well as exploring other channels to obtain more competitive procurement price of mobile top-up credits, and (iv) expanding service offerings to diversify the revenue sources.

In the first half of 2016, the Group continued to expand the bank network and offline channel partners. As at 30 June 2016, the Group had cooperative relationships with 50 PRC banks, including the five largest state owned commercial banks and 10 of the 12 nation-wide joint stock commercial banks, up by 10 banks as compared with 40 PRC banks as at 30 June 2015. The Group collaborated with approximately 49,000 offline channel partners as at 30 June 2016, as compared with approximately 43,600 offline channel partners as at 30 June 2015. However, because of the intensified competition in mobile top-up service industry, the Group experienced both declines in mobile top-up requests through electronic banking systems and offline channels and average discount rate received from the PRC telecommunication operators and their distributors. As a result, the Group's revenue decreased by approximately 28.2% to approximately RMB86.1 million in the first half of 2016 as compared with the corresponding period in 2015. Nevertheless, due to no non-recurring listing expense, the decline of commission fees charged by the Company's channel partners and income tax exemption, profit and total comprehensive income of the Group increased by approximately 6.5% to approximately RMB19.3 million for the six months ended 30 June 2016 from approximately RMB18.1 million for the six months ended 30 June 2015.

OUTLOOK

The development of e-commerce platforms, such as Taobao, Wechat and JD.com, in mobile top-up service imposed both challenges and opportunities to the Group's business. The increasing maturity of e-commerce platforms lead to the decline of mobile top-up requests via electronic banking systems and offline channels as an increasing number of mobile users choose this new and convenient top-up channel. Facing the challenge, the Group will rely on its extensive market share and advantages to continue to expand its user base by enhancing cooperation with PRC banks and expanding the Group's service offerings to maintain the leading position in the industry. Moreover, the Group will take the opportunities to actively seek the cooperation with the internet companies and leading e-commerce companies to capture the growth in these top-up channels.

FINANCIAL REVIEW

Revenue

For the Reporting Period, the Group recorded a revenue of approximately RMB86.1 million, representing an approximately 28.2% decrease as compared with approximately RMB119.9 million for the corresponding period in 2015. The decrease was primarily due to the decrease of mobile top-up requests through electronic banking systems and offline channels, and the decline of average discount rate received from the PRC telecommunication operators and their distributors.

Gross Transaction Value with Mobile Users

The gross transaction value with mobile users decreased by approximately 13.8% to approximately RMB8,346.1 million for the six months ended 30 June 2016 from approximately RMB9,684.4 million for the six months ended 30 June 2015. The decrease was mainly due to the decline in mobile top-up requests through electronic banking systems and offline channels as an increasing number of mobile users choose to top-up via e-commerce platforms such as Taobao, Wechat and JD.com. As at 30 June 2016, the gross transaction value via electronic banking systems decreased by approximately 31.3% to approximately RMB5,029.3 million for the six months ended 30 June 2016 from approximately RMB7,323.8 million for the six months ended 30 June 2015. The gross transaction value through offline channels down by approximately 43.5% to approximately RMB999.6 million for the six months ended 30 June 2016 from approximately RMB1,768.2 million for the six months ended 30 June 2015. However, the gross transaction value through other channels including third-party online platforms, the Group's own websites and Wechat public account increased by approximately 291.1% to approximately RMB2,317.2 million for the six months ended 30 June 2016 from approximately RMB592.5 million for the six months ended 30 June 2015.

Gross Transaction Value with PRC Telecommunication Operators, their Distributors and other Channels

The average discount rate that the Group received from the PRC telecommunication operators, their distributors and other channels decreased from approximately 1.2% for the six months ended 30 June 2015 to approximately 1.1% for the six months ended 30 June 2016. The gross transaction value with the PRC telecommunication operators, their distributors and other channels decreased by approximately 13.6% for the six months ended 30 June 2016 as compared to the six months ended 30 June 2015, which was in line with the decrease in the gross transaction value with mobile users.

Cost of Revenue

Cost of revenue decreased by approximately 32.8% to approximately RMB39.0 million for the six months ended 30 June 2016 from approximately RMB58.1 million for the six months ended 30 June 2015, primarily due to the decrease of the gross transaction value with mobile users and the decline of commission fees charged by the Group's channel partners.

Gross Profit and Gross Margin

Gross Profit decreased by approximately 22.9% to approximately RMB45.7 million for the six months ended 30 June 2016 from approximately RMB59.3 million for the six months ended 30 June 2015.

The Group's overall gross margin increased to approximately 53.1% for the six months ended 30 June 2016 from approximately 49.5% for the six months ended 30 June 2015, primarily attributable to the decline of commission fees charged by the Group's channel partners.

Other Income and Expenses

Other income and expenses increased by approximately 45.7% to approximately RMB2.9 million for the six months ended 30 June 2016 from approximately RMB2.0 million for the six months ended 30 June 2015, primarily attributable to the increase in the interest income from Group's bank deposits.

Distribution and Selling Expenses

Distribution and selling expenses decreased by approximately 2.5% to approximately RMB3.5 million for the six months ended 30 June 2016 from approximately RMB3.6 million for the six months ended 30 June 2015, primarily attributable to the decrease in marketing expenses.

Administration Expenses

Administration expenses increased by approximately 14.4% to approximately RMB12.9 million for the six months ended 30 June 2016 from approximately RMB11.2 million for the six months ended 30 June 2015, primarily attributable to the professional fee increased following the listing of the Company in January 2016.

Research and Development Expenses

Research and development expenses decreased by approximately 4.7% to approximately RMB6.7 million for the six months ended 30 June 2016 from approximately RMB7.0 million for the six months ended 30 June 2015, primarily attributable to the decrease in salaries and allowances for research and development staff.

Finance Cost

Finance cost decreased by approximately 4.7% to approximately RMB5.9 million for the six months ended 30 June 2016 from approximately RMB6.2 million for the six months ended 30 June 2015, primarily attributable to the decrease in interests on bank borrowings as a result of the decrease in bank borrowings.

Income Tax Expense

Income tax expense decreased by approximately 88.6% to approximately RMB0.4 million for the six months ended 30 June 2016 from approximately RMB3.9 million for the six months ended 30 June 2015. The decrease was primarily attributable to Daily Charge Technology (Shenzhen) Co., Ltd. ("**Daily Charge Shenzhen**"), one of the Company's subsidiaries, was accredited as a software enterprise by the Shenzhen Software Industry Association in January 2016 and therefore is entitled to an income tax exemption for two years starting from its first profit-making year and an income tax rate of 12.5% after a 50% reduction for the subsequent three years.

Profit for the Period attributable to Owners of the Company

Profit for the period attributable to owners of the Company increased by approximately 6.5% to approximately RMB19.3 million for the six months ended 30 June 2016 from approximately RMB18.1 million for the six months ended 30 June 2015. The increase of profit and comprehensive income were primarily attributable to (i) no non-recurring listing expenses for the six months ended 30 June 2016, compared to the non-recurring listing expenses of approximately RMB11.2 million in connection with global offering for the six months ended 30 June 2015; (ii) the decline of commission fees charged by the Group's channel partners; and (iii) the income tax exemption enjoyed by Daily Charge Shenzhen for accredited as software enterprise in 2016.

Liquidity and Financial Resources and Capital Structure

Cash Flow

For the six months ended 30 June 2016, the Group's working capital was financed by cash generated from operating activities, bank loans and proceeds from global offering.

Net Current Assets

The Group's net current assets amounted to approximately RMB216.0 million as at 30 June 2016, as compared to approximately RMB118.9 million as at 31 December 2015. As at 30 June 2016, the Group's current ratio was approximately 1.95, as compared to approximately 1.25 as at 31 December 2015.

Cash and Cash Equivalent, Bank Deposit

As at 30 June 2016, cash and cash equivalents of the Group was approximately RMB125.3 million, as compared to approximately RMB50.0 million as at 31 December 2015.

As at 30 June 2016, the Group had no restricted bank deposit, as compared to RMB27.0 million as at 31 December 2015.

Bank Loans and other Borrowings

The bank borrowings of the Group decreased by approximately 56.9% to approximately RMB148.8 million as at 30 June 2016 from approximately RMB344.8 million as at 31 December 2015. For the Reporting Period, the bank borrowings carry interest at variable market rates ranging from 1.41% to 6.44% (31 December 2015: 1.64% to 7.00%) per annum and are repayable in one year.

Gearing Ratios

As at 30 June 2016, the gearing ratio (calculated by dividing bank borrowings by total equity as at the end of the year/period) of the Group decreased to approximately 0.68 from approximately 2.76 as at 31 December 2015, primarily attributable to the decrease in bank borrowings and increase in total equity of the Group.

Capital Expenditures

For the six months ended 30 June 2016, the Group had capital expenditure of approximately RMB0.6 million, as compared to approximately RMB4.0 million for the six months ended 30 June 2015. The expenditure was mainly related to the purchase of computers and office equipment.

Significant Investment

As at 30 June 2016, the Group did not have any significant investment.

Commitments

As at 30 June 2016, the Group did not have any material capital commitments. As at 30 June 2016, the Group's operating lease commitments amounted to approximately RMB0.6 million, as compared with to approximately RMB1.3 million as at 31 December 2015.

Material Investments or Capital Assets

As at 30 June 2016, the Group did not hold any material investment. There was no specific plan for material investments or capital assets as at 30 June 2016.

Material Acquisitions or Disposals

During the Reporting Period, there was no material acquisition or disposal of subsidiaries and associated companies by the Group.

Foreign Exchange Risk

The Group's reporting currency is in Renminbi to which the Group's material transactions are denominated. The net proceed from global offering are denominated in Hong Kong 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.

Charges on Assets

As at 30 June 2016, the Group did not have any material asset charges.

Contingent Liabilities and Guarantees

As at 30 June 2016, the Group did not have any significant contingent liabilities, guarantees or any litigation.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2016.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2016, the Group had 144 full-time employees. Total staff cost (including Director's remuneration) was approximately RMB12.5 million for the six months ended 30 June 2016, as compared to approximately RMB12.8 million for the six months ended 30 June 2015. The Group believes that employees are one of its most important assets and the Group strives to offer a competitive remuneration to its employees. 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.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there was no other significant events that might affect the Group since the end of the six months ended 30 June 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period commencing from the date of the listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 7 January 2016 (the "**Listing Date**") to 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its code of conduct regarding Director's securities transactions. Specific enquires have been made to all Directors and the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the period from the Listing Date to 30 June 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

It is the belief of the Board that good corporate governance plays a vital part in maintaining the success of the Company. The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the "**Shareholders**") and to enhance corporate value accountability.

The Company has complied with all the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the period from the Listing Date to 30 June 2016. The Company will continue to review the current corporate governance structure from time to time and shall make necessary changes when appropriate and report to Shareholders accordingly.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process and select external auditors and assess their independence and qualifications. 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 Chairwoman of the Audit Committee.

The Audit Committee, together with the auditors of the Company, Deloitte Touche Tohmatsu, has reviewed the unaudited consolidated interim results and the interim report of the Company for the six months ended 30 June 2016 and agreed to the accounting principle and practices adopted by the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.nnk.com.hk). The 2016 interim report will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
NNK Group Limited
Huang Junmou
Chairman

Hong Kong, 23 August 2016

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

The English text of this announcement shall prevail over its Chinese text in case of inconsistency.