NNK 年年卡集团
NNK Group Limited

NNK Group Limited
年年卡集團有限公司

於開曼群島註冊成立的有限公司
Incorporated in the Cayman Islands with limited liability

Stock Code 股份代號：3773

ANNUAL REPORT 年報 2015

年年卡集團有限公司

CONTENT

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. HUANG Junmou *(Chairman)*
Mr. YANG Hua *(Chief Executive Officer)*
Mr. LUO Mingxing
(Resigned on 8 February 2016)

Non-executive Directors

Mr. LI Xiangcheng
Mr. XU Xinhua
Mr. YU Zida

Independent Non-executive Directors

Mr. LIN Zhangxi
Mr. QIAN Haomin
Ms. ZHAO Jinlin

Joint Company Secretaries

Ms. OUYANG Jiejiao
Ms. WONG Wai Ling

Authorized Representatives

Mr. HUANG Junmou
Ms. WONG Wai Ling

Audit Committee

Ms. ZHAO Jinlin *(Chairlady)*
Mr. QIAN Haomin
Mr. LIN Zhangxi

Remuneration Committee

Mr. LIN Zhangxi *(Chairman)*
Mr. HUANG Junmou
Ms. ZHAO Jinlin

Nomination Committee

Mr. HUANG Junmou *(Chairman)*
Ms. ZHAO Jinlin
Mr. QIAN Haomin

Registered Office in the Cayman Islands

PO Box 309, Ugland House,
Grand Cayman, KY1-1104, Cayman Islands

Headquarters and Principal Place of Business in the PRC

6/F, 3 Building A Area,
Internet Industry Base,
Xixiang, Baoyuan Road,
Baoan District, Shenzhen, PRC

Principal Place of Business in Hong Kong

18/F Tesbury Centre,
28 Queen's Road East,
Wanchai, Hong Kong

Principal Share Registrar

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Legal Advisers

As to Hong Kong law:
Sidley Austin
Level 39, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Compliance Adviser

Quam Capital Limited
18/F, China Building
29 Queen's Road Central
Hong Kong
(Terminated with effect from 22 January 2016)

Lego Corporate Finance Limited
Room 1601, 16/F, China Building,
29 Queen's Road Central
Hong Kong
(Appointed with effect from 22 January 2016)

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

Principal Bankers

Shenzhen Tairan Sub-branch,
China Construction Bank Co., Limited
1st Floor, No.304 Building, Third Area
Che Gongmiao Tairan Industrial Area
Futian District, Shenzhen, PRC

Shenzhen Dongmen Sub-branch,
Industrial and Commercial Bank of China Co., Limited
1-2 Floor, Jinxiu Building
No. 1010 Wenjin Middle Road
Luohu District, Shenzhen, PRC

Shenzhen Gaoxinyuan Sub-branch,
China Everbright Bank Co., Limited
No. 1088 Shennan Avenue
Nanshan District, Shenzhen, PRC

Company's Website

www.nnk.com.hk

Stock Code

3773

FINANCIAL SUMMARY

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December			
	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000
Revenue	231,370	223,553	136,711	87,408
Cost of revenue	(110,867)	(105,901)	(63,957)	(36,925)
Gross profit	115,736	112,509	70,153	48,720
Listing expense	(24,240)	(7,287)	—	—
Profit before tax	38,527	59,444	34,212	25,587
Income tax expense	(11,724)	(4,941)	(3,973)	(1,026)
Profit for the year attributable to	26,803	54,503	30,239	24,561
– owners of the Company	26,803	54,520	30,257	24,565
– non-controlling interests	—	(17)	(18)	(4)
Loss for the year from discontinued operation attributable to owners of the Company	—	(26,065)	(10,381)	(3,319)
Total comprehensive income for the year	26,803	28,438	19,858	21,242
Earnings per share-basic from continuing operation (RMB)	0.09	0.18	0.10	0.08

CONDENSED CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 December			
	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000
Total assets	602,799	409,223	375,283	204,459
Total liabilities	478,005	311,232	301,184	150,315
Total equity	124,794	97,991	74,099	54,144

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**"), I am pleased to present the first annual report of NNK Group Limited (the "**Company**") together with its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015 since our successful listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 7 January 2016.

OVERVIEW

The Company is a leading specialized online transaction service provider in the mobile top-up service industry in China. We began providing mobile top-up services to mobile users through electronic banking systems of PRC banks with the launch of the Group's 007ka top-up platform in 2006, and we were the first specialized mobile top-up service provider through electronic banking systems with services covering nation-wide networks operated by the three PRC telecommunication operators. We also provides mobile top-up services through offline channels, including convenience stores, mobile phone stores and other third party retailer chains, and other channels including third-party online platforms, the Company's websites and Wechat public account.

2015 was an important year to the business development of the Group. We had spared no effort and taken numerous initiatives in ensuring our IPO success while we strived for further growth of our business. Intensified competition in mobile top-up service industry and the diminishing discount rate of mobile top-up credits offered by PRC telecommunication operators and their distributors in the fourth quarter of 2015 have also posed considerable challenges to the Group. Despite these challenges, we have made significant progress in expanding bank networks, offline channel partners and user base. In 2015, the Group had cooperative relationships with 46 PRC banks, including the five largest state owned commercial banks and 10 of the 12 nation-wide joint stock commercial banks, up by 14 banks as compared to 2014. The Group also collaborated with approximately 47,400 offline channel partners in 2015, representing an increase of approximately 13,100 as compared to 2014.

To capture the opportunities arising from the growth of the PRC mobile data service industry, the Company launched data usage top-up services, and became the first specialized data usage top-up service provider in China through electronic banking systems in 2015. Leveraging its early mover advantaging, the Group have cultivated a large user base by providing fast, reliable and convenient online mobile top-up services to its customers. The number of mobile users who used the Group's services through various channels, increased from approximately 82.0 million in 2014 to approximately 88.3 million in 2015. The number of mobile top-up requests processed by 007ka mobile top-up platform and the gross transaction value increased from approximately 202.0 million and RMB16,110.2 million in 2014, respectively, to approximately 219.7 million and RMB18,446.2 million in 2015, respectively.

In 2015, the Group recorded a total revenue of approximately RMB231.4 million, representing an increase of approximately 3.5% as compared with approximately RMB223.6 million in 2014. However, profit from continuing operation decreased by 50.8% from RMB54.5 million for the year ended 31 December 2014 to RMB26.8 million for the year ended 31 December 2015, primarily due to the increase in non-recurring listing expense, research and development expenses and income tax.

OUTLOOK

The management of the Group believes that challenges and opportunities coexist in current business environment. As competition in the mobile top-up service industry continues to intensify, it may be challenging for the Group to maintain the growth rate and profit margin as before. The Group will rely on its extensive market share and advantages to continue to expand our user base by enhancing our cooperation with PRC banks, expanding our service offerings and pursuing partnership with leading Internet companies. The Group will also continue to strengthen the Group's research and development capabilities to maintain the Group's leading position in the industry and strive for greater returns to shareholders of the Company (the "**Shareholders**").

APPRECIATION

On behalf of the Board, I would like to thank our Shareholders, management team, employees and business partners of the Group for their continued trust, support and contribution to the Group.

HUANG Junmou
Chairman

22 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The following table sets forth the Group's income statement for the year ended 31 December 2015 as compared to the year ended 31 December 2014:

	Year ended 31 December		
	2015 RMB'000	2014 RMB'000	Change %
Revenue	231,370	223,553	3.5%
Cost of revenue	(110,867)	(105,901)	4.7%
Gross Profit	115,736	112,509	2.9%
Other income and expenses	8,426	2,598	224.3%
Distribution and selling expenses	(7,370)	(5,664)	30.1%
Administrative expenses	(24,804)	(21,839)	13.6%
Listing expense	(24,240)	(7,287)	232.6%
Research and development expenses	(15,419)	(8,739)	76.4%
Finance costs	(13,802)	(12,134)	13.7%
Profit before tax	38,527	59,444	-35.2%
Income tax expense	(11,724)	(4,941)	137.3%
Profit for the year attributable to	26,803	54,503	-50.8%
– owners of the Company	26,803	54,520	-50.8%
– non-controlling interests	—	(17)	—

Revenue

Revenue mainly represents the net service income received and receivable from the provision of mobile top-up services to the Company's customers. Revenue increased by approximately 3.5% to approximately RMB231.4 million for the year ended 31 December 2015 from approximately RMB223.6 million for the year ended 31 December 2014, including approximately RMB1.0 million from mobile data usage top-up services, primarily attributable to the increase of mobile top-up requests through electronic banking systems, offline channels and other channels.

Gross transaction value with mobile users

The gross transaction value with mobile users increased by 14.5% to approximately RMB18,446.2 million for the year ended 31 December 2015 from approximately RMB16,110.2 million for the year ended 31 December 2014. The increase was mainly attributable to (i) the increase in mobile top-up requests resulting from the Company's efforts to enhance and expand its cooperation with PRC banks, offline channels and other channels; and (ii) the launch of data usage top-up services in 2015. As of 31 December 2015, the Company had cooperative relationships with 46 PRC banks, and the gross transaction value via such channel increased by approximately 8.2% to approximately RMB13,977.4 million for the year ended 31 December 2015 from approximately RMB12,923.3 million for the year ended 31 December 2014. The gross transaction value through offline channels increased significantly by 21.4% to approximately RMB3,335.3 million for the year ended 31 December 2015 from approximately RMB2,748.1 million for the year ended 31 December 2014. The gross transaction value through other channels increased by approximately 158.3% to approximately RMB1,133.5 million for the year ended 31 December 2015 from approximately RMB438.8 million for the year ended 31 December 2014.

As for the data usage top-up services, the gross transaction value through various channels including electronic banking systems of PRC banks, offline channels and other channels was approximately RMB7.8 million in 2015.

Gross transaction value with PRC telecommunication operators, their distributors and other channels

The average discount that the Company received from the PRC telecommunication operators, their distributors and other channels slightly decreased from approximately 1.4% for the year ended 31 December 2014 to approximately 1.3% for the year ended 31 December 2015. The gross transaction value with the PRC telecommunication operators, their distributors and other channels increased by approximately 14.7% for the year ended 31 December 2015 as compared to the year ended 31 December 2014, which was in line with the increase in the gross transaction value with mobile users.

Cost of Revenue

Cost of revenue 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 and other channels for relaying the mobile top-up requests they received from mobile users to the Company. Interface maintenance fees represent fees charged by network providers for facilitating online mobile top-up services provided by the Company.

Cost of revenue increased by approximately 4.7% to approximately RMB110.9 million for the year ended 31 December 2015 from approximately RMB105.9 million for the year ended 31 December 2014, primarily due to the increase in commission fees by approximately 4.5% to approximately RMB106.1 million for the year ended 31 December 2015 from approximately RMB101.6 million for the year ended 31 December 2014 resulting from the increase in the gross transaction value with mobile users.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately 2.9% to approximately RMB115.7 million for the year ended 31 December 2015 from approximately RMB112.5 million for the year ended 31 December 2014. The Group's overall gross profit margin slightly decreased to approximately 50.0% for the year ended 31 December 2015 from approximately 50.3% for the year ended 31 December 2014.

Other Income and Expenses

Other income and expenses increased by approximately 224.3% to approximately RMB8.4 million for the year ended 31 December 2015 from approximately RMB2.6 million for the year ended 31 December 2014, primarily due to the increase in the Company's interest income of approximately RMB1.3 million from the Company's investment in certain structured products of PRC banks and the increase in government grant and subsidy from approximately RMB1.1 million for the year ended 31 December 2014 to approximately RMB6.6 million for the year ended 31 December 2015.

Distribution and Selling Expenses

Distribution and selling expenses increased by approximately 30.1% to approximately RMB7.4 million for the year ended 31 December 2015 from approximately RMB5.7 million for the year ended 31 December 2014, primarily due to the increase in benefits and other incentives paid to the sales staff as a result of the increase in the gross transaction value with mobile users, the hiring of additional sales staff and the increased depreciation.

Administration Expenses

Administration expenses increased by approximately 13.6% to approximately RMB24.8 million for the year ended 31 December 2015 from approximately RMB21.8 million for the year ended 31 December 2014, primarily due to the increase in salaries and allowances for administrative staff and welfare expenses.

Listing Expenses

The Company commenced the preparation for the global offering in April 2014. The listing expenses recognized in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015 was approximately RMB24.2 million, representing an increase of approximately RMB17.0 million or 232.6% as compared to RMB7.3 million for the year ended 31 December 2014.

Research and Development Expenses

Research and development expenses increased by approximately 76.4% to approximately RMB15.4 million for the year ended 31 December 2015 from RMB8.7 million for the year ended 31 December 2014, primarily due to the increase in salaries and allowances for research and development staff and the increase in depreciation cost of computer and office equipment.

Finance Cost

Finance cost increased by approximately 13.7% to approximately RMB13.8 million for the year ended 31 December 2015 from approximately RMB12.1 million for the year ended 31 December 2014, primarily due to the increase in bank borrowings for the purchase of mobile top-up credits as a result of the increase in the gross transaction value with mobile users.

Profit before Tax

Profit before tax decreased by approximately 35.2% to approximately RMB38.5 million for the year ended 31 December 2015 from approximately RMB59.4 million for the year ended 31 December 2014, primarily due to the non-recurring listing expenses and the increase in research and development expenses.

Income Tax Expense

Income tax expense increased by approximately 137.3% to approximately RMB11.7 million for the year ended 31 December 2015 from approximately RMB4.9 million for the year ended 31 December 2014, primarily due to increase in applicable income tax rate from 12.5% to 15% in the PRC and the increase of approximately RMB3.7 million of deferred tax recognised in 2015 in relation to the annual management fee of Shenzhen Niannianka Network Technology Co., Ltd. ("**Shenzhen NNK**" or the "**PRC Operating Entity**") payable to Daily Charge Technology (Shenzhen) Co., Ltd. ("**Daily Charge Shenzhen**") pursuant to a series of contractual arrangements.

Profit from Continuing Operation Attributable to Owners of the Company

Profit from continuing operation attributable to owners of the Company decreased by approximately 50.8% to approximately RMB26.8 million for the year ended 31 December 2015 from approximately RMB54.5 million for the year ended 31 December 2014. The decrease of profit from continuing operation were primarily attributable to (i) the increase of approximately RMB17.0 million of non-recurring listing expenses in connection with the global offering; (ii) the increase in research and development expenses of approximately RMB6.7 million; (iii) the deferred tax of approximately RMB3.7 million in relation to the annual management fee of Shenzhen NNK payable to Daily Charge Shenzhen pursuant to a series of 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 of 3.5% is lower than that for the nine months ended 30 September 2015 as compared to the nine months ended 30 September 2014 of 13.0%.

WORKING CAPITAL AND FINANCIAL RESOURCES

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Trade receivables	**38,138**	46,393
Trade payables	**55,055**	54,059
Inventories	**265,625**	142,181
Trade receivables turnover days(1)	**1**	1
Trade payables turnover days(2)	**180**	149
Inventories turnover days(3)	**4**	4

Notes:

(1) Trade receivables turnover days for the years ended 31 December 2014 and 2015 are computed by the average of the beginning and ending balances of trade receivables of that year, divided by the gross transactions value with mobile users for that year and multiplied by 365 days for a year.

(2) Trade payables turnover days for the years ended 31 December 2014 and 2015 are computed by the average of the beginning and ending balances of trade payables of that year, divided by cost of revenue for that year and multiplied by 365 days for a year.

(3) Inventory turnover days for each of the years ended 31 December 2014 and 2015 are computed by the average of the beginning and ending inventories balances of that year, divided by the gross transaction value with the PRC telecommunication operators, their distributors and other channels for that year and multiplied by 365 days for a year.

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 decreased by approximately RMB8.3 million to approximately RMB38.1 million as at 31 December 2015 from approximately RMB46.4 million as at 31 December 2014. The decrease of trade receivables primarily reflect the decrease in the gross transaction value at the end of 2015.

The Group's trade receivables turnover days indicate the time required for us to obtain cash proceeds from our services. We maintained short turnover days due to 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.

The Group's balance of trade payables slightly increased by approximately RMB1.0 million to approximately RMB55.1 million as at 31 December 2015 from approximately RMB54.1 million as at 31 December 2014. Trade payables turnover days increased by 31 days to 180 days in 2015 from 149 days in 2014. The increase of trade payables turnover days was mainly due to the longer credit period allowed by a PRC bank as a result of the Group's enhanced relationship with the PRC bank.

The Group's balance of inventories increased by approximately 86.8% to approximately RMB265.6 million as at 31 December 2015 from approximately RMB142.2 million as at 31 December 2014. The increase was mainly attributable to the bulk purchase of mobile top-up credit close to end of 2015 for better discount rate.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

For the year ended 31 December 2015, the Group's working capital was financed by cash generated from operating activities and bank loans.

The total assets of the Group increased by approximately 47.3% to approximately RMB602.8 million as at 31 December 2015 from approximately RMB409.2 million as at 31 December 2014. The current assets of the Group increased by approximately 48.3% to approximately RMB585.2 million as at 31 December 2015 from approximately RMB394.6 million as at 31 December 2014. The non-current assets of the Group increased by approximately 20.5% to approximately RMB17.6 million as at 31 December 2015 from approximately RMB14.6 million as at 31 December 2014.

The current liabilities of the Group increase by approximately 51.8% to approximately RMB466.3 million as at 31 December 2015 from 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).

The total equity of the Group as at 31 December 2014 and 2015 were approximately RMB98.0 million and RMB124.8 million respectively.

As at 31 December 2015, cash and cash equivalents of the Group was approximately RMB50.0 million, representing an increase of approximately RMB28.7 million or 134.7% as compared with approximately RMB21.3 million as at 31 December 2014.

As at 31 December 2015, restricted bank deposit of the Group was RMB27.0 million, as compared to nil as at 31 December 2014.

The bank borrowings of the Group increased by approximately 234.8% to approximately RMB344.8 million as at 31 December 2015 from approximately RMB103.0 million as at 31 December 2014. The bank borrowings will be repayable within one year. The Group's financing activities have been continually supported by its bankers. Below is a table showing the structure and maturity profile of the Group's bank borrowings.

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Bank borrowings repayable on demand or within one year and shown under current liabilities		
- Secured	19,815	—
- Unsecured	325,000	103,000

The bank borrowings were secured by restricted bank deposits. Details are set out in Notes 22 and 25 of the consolidated financial statements.

Other than the secured bank borrowing amounting to approximately RMB19.8 million (2014: nil) which was denominated in Hong Kong dollars, the Group's unsecured bank borrowings were denominated in RMB. All the Group's bank borrowings carried interest rates ranging as below:

	2015	2014
Floating rate bank borrowings	1.64% to 7.0%	5.6% to 8.1%

The interest rates of the Group's bank borrowings in the PRC are based on benchmark interest rate of the People's Bank of China. The Group' bank borrowings denominated in HK$ carry variable interest rates at Hong Kong Interbank Offered Rate plus 1.3% to 1.6% per annum.

GEARING RATIO

As at 31 December 2015, the gearing ratio (calculated by dividing the sum of amounts due to related companies, bank borrowings and dividends payable by total equity as at the end of the year) 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, save for the restricted bank deposits secured for the bank borrowings, the Group did not have any asset charges.

FOREIGN EXCHANGE RISK

The Group's reporting currency is in Renminbi to which the Group's material transactions are denominated. As at 31 December 2015, a portion of the Group's bank borrowing of approximately RMB19.8 million was 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.

CAPITAL EXPENDITURES

As as 31 December 2015, 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.

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 of 90.5% and 9.5% equity interests in Shenzhen Shenzhou Tongfu Technology Co., Ltd. ("**Shenzhou Tongfu**") and its subsidiary, Chengdu Shenzhou Tongfu Technology Co., Ltd. ("**Chengdu Tongfu**"), to a related company and the Shareholders, respectively at an aggregate consideration of RMB85.0 million which was 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 year ended 31 December 2015, as compared to approximately RMB24.8 million for the year ended 31 December 2014. 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.

USE OF PROCEEDS FROM GLOBAL OFFERING

On 7 January 2016, the Company issued 100 million shares at an offer price of HK$1.00 per share on the Stock Exchange by global offering. On 26 January 2016, the Company further issued 15 million shares pursuant to the full exercise of the over-allotment option at an offer price of HK$1.00 per share.

The net proceeds from the global offering (after the exercise of the over-allotment option and after deducting the underwriting fees and commissions and other expenses payable by the Company in connection with the global offering) amounted to approximately HK$52.0 million. The net proceeds will be applied in the following manner:

- approximately 20%, or HK$10.4 million, will be used to enhance the recognition of the Company's brand;
- approximately 20%, or HK$10.4 million, will be used to upgrade the Company's hardware and network infrastructure;
- approximately 15%, or HK$7.8 million, will be used for the Company's software and research and development activities;
- approximately 20%, or HK$10.4 million, will be used to source mobile top-up credits;
- approximately 15%, or HK$7.8 million, will be used for potential acquisitions of businesses and assets; and
- approximately 10%, or HK$5.2 million, will be used for general working capital and other general corporate purposes.

As at the date of this annual report, there were no changes of business plan from that disclosed in the Company's prospectus dated 24 December 2015 (the "**Prospectus**"), and none of the net proceeds had been utilised. The unutilised portion of the net proceeds will be applied in the manner consistent with the use of proceeds as disclosed in the Prospectus.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Huang Junmou (黃俊謀), aged 49, is our chairman and has been an executive Director since 18 June 2014. He is a founder of our Group and has served as a director and chairman of the board of directors of Shenzhen NNK since its incorporation. He is responsible for overseeing our Group's overall strategic planning and management. Mr. Huang has over 10 years of experience in information technology related industries, including over eight years of experience in the mobile top-up service industry. Prior to founding Shenzhen NNK, he was the general manager of Shenzhen Motivity Telecom Co., Ltd. (深圳市原動力電訊有限公司), a company primarily engaging in the provision of information technology outsourcing services from June 2004 to May 2006, where he was responsible for business development. Mr. Huang was a shareholder and a director of Shenzhen Honglingyu Industrial Limited Company from May 2001 to May 2004, where he was responsible for strategic planning and management of the company. Prior to that, Mr. Huang was a shareholder and worked as a supervisor for Shenzhen Difulan Industrial Limited Company from May 1998 to May 2001, where he was responsible for administrative and financial management. Mr. Huang was an employee of the Shenzhen Post Office (深圳市郵電局) from September 1988 to August 1992, and an employee of Shenzhen Telecommunications Development Company (深圳市電信發展公司) from November 1992 to November 1995. Prior to that, Mr. Huang worked for Shenzhen Fengsheng International Textile and Fashion Company (深圳豐盛國際染織服裝有限公司) from October 1986 to October 1988.

Mr. Yang Hua (楊華), aged 44, has been an executive Director and the chief executive officer of our company since 18 June 2014. Mr. Yang is responsible for our Group's overall management, operations and business development. He is a founder of our Group and has served as a director and general manager of Shenzhen NNK since December 2010. Prior to joining our Group, Mr. Yang was the general manager of Shenzhen Long Feng Hua Industrial Co., Ltd. (深圳隆豐華實業有限公司), a company engaged in the provision of software engineering services from June 2000 to May 2006. He served as the deputy general manager of Shenzhen Shuaihua Electronics Co., Ltd. (深圳市帥華電子有限公司), a company engaged in the provision of software engineering and information technology services, where he was responsible for business development and research and development from August 1998 to May 2000.

Mr. Yang received a bachelor's degree in semiconductor devices and physics from Xi'an Jiaotong University (西安交通大學) in July 1994.

Mr. Luo Mingxing (羅明星), aged 46, resigned on 8 February 2016, was an executive Director of our company since 18 June 2014. He is responsible for our Group's accounting and financial management. He joined our Group as chief financial officer in March 2014. Prior to joining our Group, Mr. Luo worked at Shenzhen Ginwave Technologies Ltd. (深圳經緯科技有限公司), a mobile phone manufacturer, as a vice president from September 2005 to September 2013 and was responsible for the overall financial management of the company. From May 1997 to August 2005, Mr. Luo worked in a subsidiary of Kingdee International Software Group Company Limited (金蝶國際軟件集團), a leading provider of enterprise management software, middleware, online management and life-cycle e-commerce services company listed on the Main Board of the Stock Exchange (stock code: 0268), where he was an executive director and senior vice president from April 2003 onward and was responsible for the Company's finance and investment management. Prior to that, Mr. Luo worked at the Forestry Office of Youxi County, Fujian Province from July 1991 to March 1997, where he was responsible for finance and audit related work.

Mr. Luo is a certified public accountant (CPA) in China. He graduated from Jiangxi University of Finance and Economics (江西財經大學) with a bachelor's degree in economics in July 1991. He further received a postgraduate diploma in corporate finance and investment management from the School of Professional and Continuing Education of The University of Hong Kong in September 2012.

NON-EXECUTIVE DIRECTORS

Mr. Li Xiangcheng (李享成), aged 47, has been a non-executive Director since 18 June 2014. He is responsible for providing oversight over our Group's administrative matters and business strategies. He has also been a deputy general manager of Shenzhen NNK from June 2006 to January 2011 and a director since then. Prior to joining our Group, Mr. Li was the deputy general manager of Shenzhen Shuaihua Electronics Co., Ltd. (深圳市帥華電子有限公司), a company primarily engaged in the provision of software engineering and information technology services, from October 1998 to May 2006, where he was responsible for the company's day-to-day operations and research and development.

Mr. Li received his bachelor's degree in applied mathematics and computer application from the University of Electronic Science and Technology of China (電子科技大學) in July 1991.

Mr. Xu Xinhua (許新華), aged 68, has been a non-executive Director of our company since 18 June 2014. He is responsible for supervising our Group's administrative matters and business strategies. Mr. Xu joined our Group in June 2009 and has served as the supervisor of Shenzhen NNK since January 2011. Prior to joining our Group, he was a senior engineer at the telecommunications department of the Shenzhen Telecommunications Bureau (深圳市電信局) from January 2001 to March 2008 where he was responsible for administrative and human resources management and a senior engineer at the Guangdong Provincial Posts and Telecommunications Company (廣東電信公司) from September 1999 to January 2001, where he was responsible for corporate planning and development and asset management. From May 1975 to September 1999, Mr. Xu worked at the Shantou District Posts and Telecommunications Company (汕頭電信公司), starting as a technician and gradually being promoted to an engineer, and was responsible for corporate development, project management and operations management.

Mr. Yu Zida (喻子達), aged 51, has been a Director of our company since 18 June 2014. He is responsible for overseeing the strategic development of our Group. Prior to joining our Group, Mr. Yu has served as the president of Shenzhen Sinomaster Investment Group Co., Ltd. (深圳市神州通投資集團有限公司) since September 2013. Mr. Yu was a deputy director of the end user committee of the China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會最終用戶委員會) from November 2007 to August 2013. He was recognized as a National Young and Middle-aged Expert with Outstanding Contributions (中國中青年有突出貢獻專家) by the State Council of the PRC in 1999 for his contribution to engineering services. Mr. Yu was awarded a certificate for High-Level Professional in Shenzhen in November 2013 for a term of five years, where he was recognized as a national-level talent by the Human Resources and Social Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局). He served as an assistant vice president and Head of the Headquarter Research and Development Promotion Department* (研發推進本部) of the Haier Group started from February 2002. From October 2003, he served as a vice president and the head of the information technology products department, from April 2005 he served as a vice president and head of the company's strategy department, from December 2009, he served as senior vice president and chief technology officer, and from April 2010 to September 2013 he served as executive vice president and Chief Technology Officer of the Haier Group. He also served as a director of Qingdao Haier Co. Ltd. (青島海爾股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600690), from June 2010 to April 2013.

Mr. Yu received a bachelor's degree in power engineering from Huazhong University of Science and Technology (華中科技大學) (formerly known as Huazhong College of Engineering*(華中工學院)) in July 1985. He further obtained a master's degree in power engineering from Huazhong University of Science and Technology (華中科技大學) (formerly known as Huazhong Polytechnic University* (華中理工大學)) in July 1988.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lin Zhangxi (林漳希), aged 64, was appointed to our Board as an independent non-executive Director on 25 November 2014. He has over 20 years of experience in the information systems industry. He has held multiple research and teaching positions, including tenured professorship and the co-director of the Center for Advanced Analytics and Business Intelligence of Texas Tech University since 2007, the director of the Sichuan Province Finance Intelligence and Engineering Key Laboratory (四川省金融智慧與金融工程重點實驗室) since May 2008, the director of Fujian Engineering School Next Generation Internet Research Center* (福建工程學院下一代互聯網技術應用研究開發中心) from 2004 to 2010, adjunct professor of the Fujian Engineering School since June 2004, a professor of Tongji University (同濟大學) since October 1995. He headed the provincial pilot of international payment balance information management system, a program of the 7th Five-Year Programs for Science and Technology Development of China of the National Development and Reform Committee during 1988 to 1992. He was a deputy supervisor at the Fujian Province Economic Information Centre (福建省經濟信息中心) from November 1987 to July 1992 and a senior engineer at the Fujian Provincial Planning Committee Computer Centre (福建省計劃委員會電子計算中心) from November 1983 to October 1987.

Mr. Lin received a master of engineering degree from Tsinghua University (清華大學) in June 1982. He further received a master of science degree in economics in December 1996 and a doctor of philosophy degree in December 1999 from the University of Texas at Austin. He is a member of several key industry organizations, including the Institute of Electrical and Electronics Engineer, the Institute for Operations Research and the Management Sciences and Association for Information Systems.

Mr. Qian Haomin (錢昊旻), aged 39, was appointed to our Board as an independent non-executive Director on 25 November 2014. He has extensive experience in brand strategy and operations and participated in the establishment of CSJ-SBI Financial Media Co., Ltd., a joint venture between China Securities Journal and SBI Group in January 2011. He currently serves as a director, general manager of CSJ-SBI Financial Media Co., Ltd. and an assistant to the publisher of China Securities Journal. He joined China Securities Journal (中國證券報) in June 2001 and had held various positions including reporter, supervisor of the career development department and assistant to the chief editor. Prior to joining China Securities Journal, he worked as an assistant researcher at the International Information Research Agency of the National Information Centre (國家信息中心國際信息研究所) from August 1998 to June 2001. He was a member of the drafting committee of the "Interpretation of Securities Law" of The National People's Congress Securities Law Amendment Drafting Group (全國人大證券法修改起草小組《證券法釋義》編寫組) and the drafting committee of the 2005 and 2006 editions of "China Trust Company Operation Report" by China Renmin University Trust Fund Research Institute (中國人民大學信託與基金研究所2005及2006年度《中國信託公司經營藍皮書》編委會). In addition, Mr. Qian is the chairman of China Securities Jinniu (Beijing) Investment Consulting Co., Ltd. (中證金牛 (北京) 投資諮詢有限公司), a company he joined in March 2012.

Mr. Qian received a bachelor's degree in economics from Peking University (北京大學) in July 1998.

Ms. Zhao Jinlin (趙晉琳), aged 47, was appointed to our Board as an independent non-executive Director on 25 November 2014. She is a lecturer in the School of Economics of Shenzhen University, which she joined in June 2006. Ms. Zhao is a member of the academic research committee of China International Taxation Research Institute. She is currently serving as an independent non-executive director of Shirble Department Store Holdings (China) Limited (歲寶百貨控股 (中國) 有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 0312), an independent non-executive director of Shenzhen Infinova Technology Co., Ltd. (深圳英飛拓科技股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 002528), and Shenzhen Esun Display Co., Ltd (深圳市易尚展示有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002751), and Shenzhen Silone Cardtech Co., Ltd. (深圳西隴同輝技術有限公司, currently receiving pre-IPO guidance).

Ms. Zhao received a bachelor's degree in welding from the Xi' an Jiaotong University (西安交通大學) in July 1989, a master's degree in accounting from Southwestern University of Finance and Economics (西南財經大學) in June 1995 and a doctor of philosophy degree in accounting from Jinan University (暨南大學) in January 2005.

SENIOR MANAGEMENT

Ms. Ouyang Jiejiao (歐陽戒驕), aged 43, deputy chief financial officer and joint company secretary of the Company. Ms. Ouyang was appointed as our joint company secretary on 15 April 2015 and designated as deputy chief financial officer on 8 February 2016. Ms. Ouyang joined our Group in November 2014 and oversees the corporate finance, investor relations, financial management and budget management of our Group. Ms. Ouyang has over 12 years of finance and accounting experience in the PRC. Prior to joining our Group, Ms. Ouyang was the financial controller of Fortessa Asia Limited (富廷 (亞洲) 有限公司) from May 2008 to October 2014, where she was responsible for the overall financial management of the company. From May 2006 to April 2008, Ms. Ouyang was a senior accountant at Universal Instrument Manufacturing (Shenzhen) Co, Limited (環儀精密設備製造 (深圳) 有限公司), where she was responsible for financial management and analysis. Prior to that, Ms. Ouyang worked as an accounting supervisor at Schmid Shenzhen Limited (迅得機械 (深圳) 有限公司) from March 2003 to May 2006, where she was responsible for financial accounting and analysis.

Ms. Ouyang obtained a bachelor's degree from Hunan University of Science and Technology (湖南科技大學) in July 1994 and a bachelor's degree in applied accounting from an external program of the Oxford Brooks University in March 2012. She was admitted as a member of the Association of Chartered Certified Accountants in March 2009.

Mr. Lu Yajun (盧亞軍), aged 33, has been a vice president and director of the marketing department of our Group since October 2015. He joined our Group in November 2014, and has been responsible for the marketing initiatives of our Group. Prior to joining our Group, Mr. Lu was from November 2013 to November 2014 an assistant to the chairman, head of the president's office and general manager of the Shanghai branch of Fly Overseas Group (廣東飛洋集團), an immigration consultancy, where he was responsible for the group's human resources, administrations, building new project teams and as an external liaison with overall responsibility of the Shanghai branch of the group. From July 2010 to November 2013, Mr. Lu was the managing director of Guangzhou Chenxi Education Information Consultant Co., Ltd. (廣州晨曦教育信息諮詢有限公司), an education consultancy, where he had overall responsibility for the company's operations and was also in charge of market development and fostering external collaborations. Prior to enrollment in his master degree's program, Mr. Lu was from July 2006 to August 2008 the deputy secretary of the Communist Youth Party Committee of the School of Information Science and Technology (信息科學與技術學院團委副書記), Sun Yat-sen University (中山大學), where he was a tutor to group projects and counselor to students of the school and was awarded a number of accolades during his tenure.

Mr. Lu graduated from Sun Yat-Sen University (中山大學) with a master's degree in information science and technology in June 2010 and a bachelor's degree in communication engineering in June 2006.

Mr. Chen Xiuwei (陳修偉), aged 30, is the chief technology officer and vice president of our Group since April 2014. Mr. Chen is responsible for the research and development program of our Group. He joined Shenzhen NNK as technical director in August 2013. Prior to joining our Group, Mr. Chen served as the chief technology officer of Shenzhen Hand Mobile Network Technology Co., Ltd (深圳市手心移動網絡科技有限公司) from September 2012 to August 2013. From September 2011 to August 2012, he was the chief technology officer of Shenzhen Xi You Technology Co., Limited (深圳西柚科技有限公司). He began his career as an assistant researcher at Microsoft (China) Company Limited (微軟(中國)有限公司) from July 2010 to April 2011. He was an intern at Microsoft Research System Group from July 2009 to September 2009.

Mr. Chen received a bachelor's degree in computer science and technology from Sun Yat-Sen University (中山大學) in June 2008. He also obtained a master's degree in computer software and theory from Sun Yat-Sen University in June 2010. He received the "Changchun Site — Gold Medal" for his participation in the ACM Asia Programming Contest in November 2007.

Save as otherwise disclosed, there is no relationship (including financial, business, family or other material or relevant relationship) between any member of the Board, and no information relating to the Directors which is required to be disclosed pursuant to Rules 13.51(2) and 13.51(B)(1) of the Listing Rules.

REPORT OF THE DIRECTORS

The Board is pleased to present this annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2015.

INITIAL PUBLIC OFFERING

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 18 June 2014. The Company listed its shares ("**Shares**") on the Main Board of the Stock Exchange on 7 January 2016 (the "**Listing Date**"). The Company issued 100 million Shares at an offer price of HK$1.00 per Share. On 26 January 2016, the Company further issued 15 million Shares pursuant to the full exercise of the over-allotment option at an offer price of HK$1.00 per Share.

PRINCIPAL ACTIVITIES

The principal activities of the Group is the provision of mobile top-up services to mobile users in the PRC through (i) electronic banking systems of PRC banks; (ii) offline channels, including convenience stores, mobile phone stores and other third party retailer chains; and (iii) other channels, including third-party online platforms, the Group's self-operated websites and Wechat public account.

Details of the principal activities of the subsidiaries are set out in Note 35 to the consolidated financial statements. There were no significant changes in the nature of the principal activities of the Company and the Group during the year ended 31 December 2015.

An analysis of the Group's revenue and operating profit for the year ended 31 December 2015 is set out in the section headed "Management Discussion and Analysis" in this annual report.

FINANCIAL STATEMENTS AND RESULT OF OPERATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 60 of this annual report. The financial position as at 31 December 2015 of the Group are set out in the consolidated statement of financial position on pages 61 to 62. The cash flow of the Group during the year ended 31 December 2015 is set out in the consolidated statement of cash flows on pages 64 to 65.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 December 2015 and a discussion on the Group's future business development are provided in the Chairman's Statement on pages 5 to 6 and Management Discussion and Analysis on pages 7 to 15 of this annual report. An analysis of the Group's performance during the year ended 31 December, 2015 using financial key performance indicators are provided in the Management Discussion and Analysis of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following are among the principal risks and uncertainties facing the business of the Group:

- The Group provides mobile top-up services through electronic banking systems to customers of PRC banks. The Group's business depends on establishing and maintaining relationships with PRC banks. The Group's failure to continue the contractual relationship with existing PRC banks or enter into business relationships with additional PRC banks in a timely manner or on favourable terms may impair the Group's ability to continually expand its business; changes in the rate of commission fees charged by the PRC banks may also have a significant impact on the Group's cost of revenue and gross profit margin;

- the Group's reliance on the PRC telecommunication operators and their distributors to source mobile top-up credits, any deterioration or termination of the Group's relationships with them may result in severe disruptions to the Group's business operations, loss of revenues and a material and adverse effect on the Group's financial condition and results of operations; the Group's profit margin may also be affected by the decline in the discounts offered by PRC telecommunication operators and their distributors in the future;

- the Group's ability to grow its business depends, in part, upon policies of the PRC telecommunication operators. If the PRC telecommunication operators decide to continue to expand mobile top-up services or cooperate with PRC banks or third-party online platforms directly, the Group's results of operations may be materially and adversely affected;

- the Group's business may face competition from the other mobile top-up services, local branches of the three PRC telecommunication operators and E-commerce platforms. If the Group or the PRC banks fail to compete effectively, the Group's market share may decrease and the Group's business, financial condition and prospect will be materially and adversely affected;

- the Group's business and results of operations may be affected by the growth of Internet market and mobile penetration and usage in the PRC, changes in customer behaviors and preferences on the mobile top-up channels. Any decline in the popularity of online top-up services in general, or the Group's failure to respond to industry trends and customer requirements, may adversely affect the Group's business and results of operations; and

- development of the PRC telecommunication industry could be negatively affected by factors such as unfavourable government policies and changes of consumer preferences which may decrease spending on mobile telecommunication services. If the PRC telecommunication industry does not develop as anticipated, the Group's business may be harmed and the Group may need to adjust its growth strategy and the Group's results of operation may be adversely affected.

- the Group's business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions and government policies in the PRC;

The details of risk factors are set out in the section headed "Risk Factors" in the Prospectus.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a specialized online transaction service provider, the Group's businesses do not involve in production-related air, water and land pollutions which are regulated by the applicable laws and regulations in the PRC. No hazardous waste was produced by the Group in its course of business in the year ended 31 December 2015.

The Group complies with the relevant laws and regulations in environmental protection and impact on the environment has always been a major focus of the Group. The Group adheres to the principle and practice of recycling and conservation. The Group encourages all employees to be eco-friendly and participate in energy and resources saving, such as encouraging two-sided printing and the use of scratch papers, saving water and electricity to reduce energy consumption. The Group will continually make efforts to put emphasis on environmental protection and sustainable development.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group persists in maintaining good corporate governance and operating in compliance with the laws and integrity through abidance by relevant laws and regulations, industry regulations and business ethics. For the year ended 31 December 2015 and up to the date of this annual report, save for those disclosed in the Prospectus, the Company had not been and were not a party to any material legal, arbitral or administrative proceedings, and the Company was not aware of any pending or threatened legal, arbitral or administrative proceedings against the Company or any of the Directors which could have a material adverse effect on the Company's operations or financial condition.

RELATIONSHIP WITH STAKEHOLDERS

Relationships with Employees

The Group believes that employees are its greatest assets. The Group believes that a good working environment promotes employees' physical and psychological well-being. The Group provides skill training and career development opportunities for its employees to enhance staff cohesion and create a sense of belonging. The Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

Relationships with Channel Partners

The Group's mobile top-up 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 third party retailer chains; and (iii) third-party online platforms, Group's self-operated websites and Group's Wechat public account.

The Group primarily provides mobile top-up services through electronic banking systems of PRC banks and the gross transaction value derived through electronic banking systems accounted for 75.8% of the total gross transaction value in 2015. The Group maintained long-term cooperative relationships with PRC banks as a result of the Group's satisfactory service quality, strong brand recognition and reputation and leading market position. The Group had an average of approximately six years of business relationship with the five largest state-owned commercial banks. The Group worked with 46 PRC banks, including the five largest state owned commercial banks and 10 of the twelve nation-wide joint stock commercial banks up to 31 December 2015.

To complement our online sales channels, the Group also provides mobile top-up services through offline channels (convenience stores, mobile phone stores and other third party retailer chains). In 2015, the Group cooperated with approximately 47,400 offline channel partners to expand our network coverage and our mobile user base.

The Group also utilized other channels (third-party online platforms, Group's websites and its Wechat public account) to provide mobile top-up services. The Group expects the transaction volume from other channels to continually increase in the future due to the development of the online platforms.

Relationships with Customers

The Group primarily provides mobile top-up services to mobile users, who are customers of the Group's channel partners, including PRC banks, offline channel partners and other channel partners. In other words, customers of the Group's channel partners are the Group's indirect customers. For the year ended 31 December 2015, the number of mobile users who used the Group's services was approximately 88.3 million, and the five largest customers collectively contribute less than 30% of the gross transaction value.

Relationships with Suppliers

The Group primarily sources mobile top-up credits from PRC telecommunication operators and their distributors. For the year ended 31 December 2015, the Group had business relationships with around 190 suppliers. The Group maintained long-term relationship with most of the suppliers, and the Group's five largest suppliers had an average of approximately six years of business relationships with the Group.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2015.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 35 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company for the year ended 31 December 2015 are set out in Note 28 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company for the year ended 31 December 2015 are set out in the consolidated statement of changes in equity on page 63 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company did not have any distributable reserves, as determined under HKFRSs, available for distribution to our Shareholders.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the year ended 31 December 2015 are set out in Note 16 to the consolidated financial statements on page 89 of this annual report.

MAJOR CHANNELS AND SUPPLIERS

For the year ended 31 Dcember 2015, the gross transaction value derived from the Group's five largest channels partners accounted for approximately 67.9% of the Group's total gross transaction value for the year ended 31 December 2015 and the Group's largest channel partner contributed to approximately 34.7% of the Group's total gross transaction value.

For the year ended 31 Dcember 2015, the cost of sourcing from the Group's five largest suppliers, who are telecommunication operators and distributors, accounted for approximately 38.4% of the Group's total sourcing cost and the cost of sourcing from the Group's largest supplier accounted for approximately 11.6% of the Group's total sourcing cost.

None of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued shares) had any interest in the Group's five largest channel partners or suppliers.

DIRECTORS

The Directors for the year ended 31 December 2015 and up to the date of this annual report are:

Executive Directors

Mr. HUANG Junmou *(Chairman)*
Mr. YANG Hua *(Chief Executive Officer)*
Mr. LUO Mingxing *(resigned on 8 February 2016)*

Non-Executive Directors

Mr. LI Xiangcheng
Mr. XU Xinhua
Mr. YU Zida

Independent Non-Executive Directors

Mr. LIN Zhangxi
Mr. QIAN Haomin
Ms. ZHAO Jinlin

In accordance with articles 16.2 and 16.3 of the Company's articles of association (the "**Articles**") passed on 14 December 2015, Mr. Huang Junmou, Mr. Yang Hua, Mr. Li Xiangcheng, Mr. Xu Xinhua, Mr. Yu Zida, Mr. Lin Zhangxi, Mr. Qian Haomin and Ms. Zhao Jinlin shall retire at the annual general meeting and, being eligible, have offered themselves for re-election.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENTS

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from 1 January 2015 and will continue, subject to approval of the Shareholders in the general meetings, until terminated by not less than three months' notice in writing served by either party on the other. Such notice shall not expire until after the fixed term.

Each of the non-executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from 24 June 2015 and will continue, subject to approval of the Shareholders in the general meetings, until terminated by not less than three months' notice in writing served by either party on the other. Such notice shall not expire until after the fixed term.

Each of the independent non-executive Directors has entered into a new letter of appointment with the Company on 3 December 2015. Each of these letters of appointment is for an initial term of three years commencing from 25 November 2015.

The procedures and process of appointment, re-election and removal of directors are set out in the Articles. The nomination committee of the Company (the "**Nomination Committee**") is responsible for reviewing the Board composition and recommending to the Board on the appointment or re-appointment of Directors and succession planning for the Directors, in particular the chairman and chief executive officer.

Details of Directors' emoluments are set out in Note 11 to the consolidated financial statements.

None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Board considers all independent non-executive Directors to be independent.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Connected Transactions" in this report, none of the Directors or an entity connected with a Director has or had a material beneficial interest, either directly or indirectly, in any transaction, arrangement or contract of significance subsisting during or at the end of the year ended 31 December 2015.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Connected Transactions" in this report, neither contract of significance made between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries, nor contract of significance made for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries was entered into during the year ended 31 December 2015.

COMPLIANCE OF THE DEED OF NON-COMPETITION

As disclosed in the Prospectus, the Company entered into a deed of non-competition ("**Non-Competition Deed**") with Mr. Huang Junmou, Mr. Yang Hua, Mr. Li Xiangcheng, Mr. Xu Xinhua, Fun Charge Technology Limited ("**Fun Charge Technology**"), Happy Charge Technology Limited ("**Happy Charge Technology**"), Cool Charge Technology Limited ("**Cool Charge Technology**") and Enjoy Charge Technology Limited ("**Enjoy Charge Technology**") (collectively, the "**Controlling Shareholders**") on 23 September 2015, under which the Controlling Shareholders jointly and severally agreed not to, whether as principal or agent and whether undertaken directly or indirectly (including through any associate, subsidiary, partnership, joint venture or other contractual arrangement of theirs) and whether for profit or otherwise, carry on, engage, invest, participate or hold any right or be interested in or render any services to or otherwise be involved in any business which is in competition, directly or indirectly, or is likely to be in competition, directly or indirectly, with the business referred to in the Prospectus that is carried on or contemplated to be carried on by any member of the Group.

Notwithstanding the above, the foregoing restrictions do not preclude any of the Controlling Shareholders from having any interest in shares of not more than 5% in any company which is or whose holding company is listed on any recognised stock exchange even though the business carried out by such company is or is likely to be in competition with the business, provided that the aggregate number of shares held by the Controlling Shareholders does not exceed 5% of the issued shares of such company and none of the Controlling Shareholders is a director of such company or is entitled to appoint any director of such company.

Each of the Controlling Shareholders has undertaken in the Non-Competition Deed that during the term of the Non-Competition Deed, if a new business opportunity is made available to any Controlling Shareholder or its/his respective associates, such Controlling Shareholder will or will procure its/his associates to notify the Company in writing and provide to the Company all information that is reasonably necessary for the Company to consider whether or not to pursue such business opportunity. For details of the Non-Competition Deed, please refer to the section headed "Relationship with Controlling Shareholders — Deed of Non-Competition" in the Prospectus.

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Non-Competition Deed for disclosure in this annual report for the period from the Listing Date to 10 March 2016. The independent non-executive Directors have also reviewed the compliance and enforcement status of the Non-Competition Deed, and are of the view that the Controlling Shareholders have abided by the undertakings contained in the Non-Competition Deed for the period from the Listing Date to 10 March 2016.

DIRECTORS' EMOLUMENTS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

In compliance with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules, the Company has established a remuneration committee (the "**Remuneration Committee**") to formulate remuneration policies. Directors' remuneration is subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties and responsibilities, the recommendations of the Remuneration Committee and the performance and results of the Group. No Director, or any of their respective associates, was involved in deciding his/her own remuneration.

Particulars of the Directors' emoluments and five highest paid individuals for the year ended 31 December 2015 are set out in Note 11 to the consolidated financial statements and the emolument policy of the Company is set out in the Corporate Governance Report on page 52 of this annual report.

No Director has waived or has agreed to waive any emoluments during the year ended 31 December 2015.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2015, no Director or their respective associates (as defined in the Listing Rules) had any interest in any business which were in competition or were likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Company was listed on the Stock Exchange on 7 January 2016. As at the date of this report, the interests or short positions of the Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules were as follows:

Long Position in the ordinary shares of Company

Name of director	Capacity/Nature of interests	Number of Shares held	Approximate percentage of issued share capital[5]
Mr. Huang Junmou[1]	Interest in controlled corporation	94,500,000	22.77%
Mr. Yang Hua[2]	Interest in controlled corporation	63,000,000	15.18%
Mr. Li Xiangcheng[3]	Interest in controlled corporation	56,100,000	13.52%
Mr. Xu Xinhua[4]	Interest in controlled corporation	26,400,000	6.36%

Notes:

(1) Mr. Huang Junmou beneficially owns 100% of the share capital of Fun Charge Technology. By virtue of the SFO, Mr. Huang Junmou is deemed to be interested in 94,500,000 Shares held by Fun Charge Technology.

(2) Mr. Yang Hua beneficially owns 100% of the share capital of Happy Charge Technology. By virtue of the SFO, Mr. Yang Hua is deemed to be interested in 63,000,000 Shares held by Happy Charge Technology.

(3) Mr. Li Xiangcheng beneficially owns 100% of the share capital of Cool Charge Technology. By virtue of the SFO, Mr. Li Xiangcheng is deemed to be interested in 56,100,000 Shares held by Cool Charge Technology.

(4) Mr. Xu Xinhua beneficially owns 100% of the share capital of Enjoy Charge Technology. By virtue of the SFO, Mr. Xu Xinhua is deemed to be interested in 26,400,000 Shares held by Enjoy Charge Technology.

(5) The percentage of shareholding was calculated based on the Company's total issued share capital of 415,000,000 Shares as at the date of this report.

Save as disclosed above, as at the date of this annual report, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which was required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of this annual report, to the best knowledge of the Directors, the interests or short positions of the persons, other than the Directors or chief executives of the Company, in the Shares or underlying Shares which are required to be disclosed to the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long position in the ordinary shares of the Company

Substantial shareholders	Capacity/Nature of interests	Number of Shares or securities held	Approximate percentage of issued share capital
Fun Charge Technology(1)	Beneficial owner	94,500,000	22.77%
Happy Charge Technology(2)	Beneficial owner	63,000,000	15.18%
Cool Charge Technology(3)	Beneficial owner	56,100,000	13.52%
Mr. Huang Shaowu(4)	Beneficial owner	60,000,000	14.46%
China Charge Technology Limited(4)	Beneficial owner	60,000,000	14.46%
Enjoy Charge Technology(5)	Beneficial owner	26,400,000	6.36%

Notes:

(1) Mr. Huang Junmou is the director and beneficially owns 100% of the share capital of Fun Charge Technology. By virtue of the SFO, Mr. Huang Junmou is deemed to be interested in 94,500,000 Shares held by Fun Charge Technology.

(2) Mr. Yang Hua is the director and beneficially owns 100% of the share capital of Happy Charge Technology. By virtue of the SFO, Mr. Yang Hua is deemed to be interested in 63,000,000 Shares held by Happy Charge Technology.

(3) Mr. Li Xiangcheng is the director and beneficially owns 100% of the share capital of Cool Charge Technology. By virtue of the SFO, Mr. Li Xiangcheng is deemed to be interested in 56,100,000 Shares held by Cool Charge Technology.

(4) Mr. Huang Shaowu is the director and beneficially owns 100% of the share capital of China Charge Technology Limited. By virtue of the SFO, Mr. Huang Shaowu is deemed to be interested in 60,000,000 Shares held by China Charge Technology Limited.

(5) Mr. Xu Xinhua is the director and beneficially owns 100% of the share capital of Enjoy Charge Technology. By virtue of the SFO, Mr. Xu Xinhua is deemed to be interested in 26,400,000 Shares held by Enjoy Charge Technology.

(6) The percentage of shareholding was calculated based on the Company's total issued share capital of 415,000,000 Shares as at the date of this report.

As at the date of this annual report, no Shareholders has agreed to waive or waived any dividends.

Save as disclosed herein, the Company's Directors are not aware of any person who will have an interest or short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted the share option scheme (the "**Scheme**") prepared in accordance with Chapter 17 of the Listing Rules on 14 December 2015 for the primary purpose of providing incentives or rewards to eligible participants (the "**Eligible Participants**") as defined in the Scheme to recognise and acknowledge their contribution to the Group and motivate them to higher levels of performance.

Under the Scheme, the Board may, at its discretion, offer to any employee or director of the Group, options (the "**Options**") to subscribe for Shares subject to the terms and conditions stipulated in the Scheme.

(a) Purpose of the Scheme

The purpose of the Scheme is established to recognise and acknowledge the contributions that Eligible Participants had or may have made to the Group. The Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieve the objective of attracting and retaining high cablibre Eligible Participants and to motivate the Eligible Participants to higher levels of performance and to promote the success of the Group's business.

(b) Participants of the Scheme

Pursuant to the Scheme, the Board may, at its discretion, offer to grant options to any full-time employees, executive or non-executive directors (including independent non-executive directors) of the Company or the Company's subsidiaries.

(c) Acceptance of an offer of Options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the Options duly signed by the grantee, together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an Option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the Option. To the extent that the offer to grant an Option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(d) Maximum number of shares

The maximum number of Shares in respect of which Options may be granted under the Scheme and under any other share option schemes of the company must not in aggregate exceed 10% of the total number of Shares issued on 7 January 2016, being 40.0 million Shares, representing approximately 9.64% of the Company's issued share capital as at the date of this annual report, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Scheme (or any other share option schemes of the Company). Subject to the issue of a circular by the Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

(i) refresh this limit at any time to 10% of the Shares in issue as at the date of the approval by our Shareholders in general meeting; and/or

(ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by the Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iii) Notwithstanding the foregoing and subject to the effect of alterations to capital, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of our Shares in issue from time to time. No options shall be granted under any schemes of the Company (including the Scheme) if this will result in the 30% limit being exceeded.

For details of the Maximum number of shares, please refer to the section headed "Statutory and General Information - F. Share Option Scheme" in Appendix IV to the Prospectus.

(e) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers and terms of the options to be granted (and options previously granted to such participant) the information as required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(ii) the approval of the Company's Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares.

(f) Option period

An Option may be exercised in accordance with the terms of the Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no Option may be exercised more than 10 years after it has been granted. No Option may be granted more than 10 years after the date of approval of the Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(g) The subscription price per share

The subscription price of a Share in respect of any particular option granted under the Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the highest of:

(i) the closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the date of grant in respect of the relevant Options;

(ii) the average closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant or where the Company has been listed for less than five trading days, the new issue price shall be used as the closing price; and

(iii) the nominal value of the Shares.

(h) Remaining life of the Scheme

The Scheme shall be valid and effective for a period of ten years commencing on 14 December 2015.

Since the adoption of the Scheme up to the date of this annual report, no option had been granted, exercised, lapsed nor cancelled under the Scheme.

For details of the Scheme, please refer to the section headed "Statutory and General Information - F. Share Option Scheme" in Appendix IV to the Prospectus.

CONNECTED TRANSACTIONS

Contractual Arrangements

The Company is primarily engaged in, through Shenzhen NNK, the provision of mobile top-up services and data usage top-up services (the "**Principal Business**"), which is considered to be value-added telecommunications services, a sector where foreign investment is subject to significant restrictions under PRC laws and regulations. Accordingly, the Company, as foreign investors, cannot directly hold controlling interest in Shenzhen NNK, the Company's PRC Operating Entity, which holds certain licenses and permits required for the operation of the Company's principal business. As a result, the Company's wholly foreign-owned enterprise (the "**WFOE**"), Daily Charge Shenzhen, entered into a series of contractual arrangements with Shenzhen NNK, the Company's PRC Operating Entity, and its shareholders (the "**Contractual Arrangements**") in order to conduct the Principal Business in the PRC and to exercise effective control over the operations of, and enjoy all economic benefits of, the Company's PRC Operating Entity. The series of the Contractual Arrangements as a whole allow the financial performance and economic benefits of the business of Shenzhen NNK to be included in the financial information of the Company as if the Company is the parent company of Shenzhen NNK. Pursuant to the Contractual Arrangements, Shenzhen NNK has an obligation to pay the consulting and technical supporting services fees to WFOE and WFOE has legal rights to retain such fees as its revenue, and the Company is able to acquire the entire profit (including the retained earnings) of Shenzhen NNK under the terms of the Contractual Arrangements.

Shenzhen NNK is owned as to 31.5% by Mr. Huang Junmou, 21% by Mr. Yang Hua, 18.7% by Mr. Li Xiangcheng, 8.8% by Mr. Xu Xinhua and 20% by Mr. Huang Shaowu (collectively, the "**Registered Shareholders**"). Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders, as the case may be, entered into the following agreements during the year ended 31 December 2015:

i. The management and operation agreement dated 4 March 2015 and its supplemental agreement dated 16 April 2015 entered into among Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders, pursuant to which Daily Charge Shenzhen agreed to provide to Shenzhen NNK and its subsidiaries management and operation services. Pursuant to the management and operation agreement, Shenzhen NNK shall pay to Daily Charge Shenzhen a service fee that equals to 100% of the annual revenue of Shenzhen NNK after deducting costs and expenses (except the service fee) incurred during the course of management and operation of Shenzhen NNK and any taxes, the prior-year loss (if any) and contribution of social insurance and housing provident fund by Shenzhen NNK in any given year.

ii. The exclusive option agreement dated 4 March 2015 entered into among Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders, pursuant to which the Registered Shareholders irrevocably and unconditionally granted an exclusive option to Daily Charge Shenzhen which entitles Daily Charge Shenzhen to elect to purchase, when permitted by the then applicable PRC laws, all or any part of the equity interests in Shenzhen NNK from the Registered Shareholders itself or through its designated person(s). Such designated person(s) shall be appointed by Daily Charge Shenzhen in its sole discretion. The transfer price of the relevant equity interests shall be the minimum purchase price permitted under PRC laws, and the Registered Shareholders have undertaken to return in full the consideration received in relation to such transfer of equity interests to Daily Charge Shenzhen.

iii. The entrustment agreement dated 4 March 2015 entered into among Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders, with an annexure of the power of attorney dated 4 March 2015 executed by each of the Registered Shareholders in favour of Daily Charge Shenzhen and/or its designated person(s). Pursuant to the entrustment agreement and the powers of attorney annexed thereto, each of the Registered Shareholders irrevocably agreed to authorize Daily Charge Shenzhen or its designated person(s) to exercise all of his rights and powers as shareholder of Shenzhen NNK, including the rights to convene and attend shareholders' meetings, to exercise voting rights in shareholders' meetings, to appoint and dismiss directors and supervisors, to decide on any acquisition or disposal of his equity interest in Shenzhen NNK or the winding-up or dissolution of Shenzhen NNK, to file documents with relevant government authorities or regulatory bodies, and to exercise such other shareholders' rights as stipulated under the articles of association of Shenzhen NNK.

iv. The equity pledge agreement dated 4 March 2015 entered into among Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders, pursuant to which the Registered Shareholders agreed to pledge all of their respective equity interests in Shenzhen NNK to Daily Charge Shenzhen to secure performance of all their obligations and the obligations of Shenzhen NNK under the management and operation agreement, the exclusive option agreement and the entrustment agreement underlying the Contractual Arrangements. Under the equity pledge agreement, if Shenzhen NNK declares any dividends during the term of the pledge, Daily Charge Shenzhen is entitled to receive all dividends or other income arising from the pledged equity interests, if any. If any of the Registered Shareholders or Shenzhen NNK breaches or fails to fulfill the obligations under any of the aforementioned agreements, Daily Charge Shenzhen, as the pledgee, will be entitled to dispose of the pledged equity interests, entirely or partially.

v. The exclusive intellectual property purchase option agreement dated 4 March 2015 entered into between Shenzhen NNK and Daily Charge Shenzhen, pursuant to which Shenzhen NNK agreed to irrevocably and unconditionally grant an exclusive option to Daily Charge Shenzhen to purchase certain of Shenzhen NNK's intellectual properties, including but not limited to trademarks, patents, domain names and copyright and whether registered or unregistered, entirely or partially, at the minimum purchase price permitted by the PRC laws and regulations.

The detailed terms of which are set out in the section headed "History, Reorganization and Corporate Structure — Contractual Arrangements" of the Prospectus.

In addition, the Registered Shareholders granted the individual appointed by WFOE, to exercise their shareholder's rights, including without limitation, to declare, receive or decline the dividends or distribution. In the event that the Registered Shareholders receive any dividends or distribution of assets declared by Shenzhen NNK, the Registered Shareholders are required to return the dividend or distribution of assets so received to WFOE. Therefore, WFOE controls the management and board of directors of Shenzhen NNK and is able to acquire the entire profit generated from Shenzhen NNK under the Contractual Arrangements. Apart from the above, there are no new Contractual Arrangements entered into, renewed or reproduced between the Group and the PRC Operating Entity during the year ended 31 December 2015. There was no material change in the Contractual Arrangements and/or the circumstances during the year ended 31 December 2015. None of the contracts mentioned above has been unwound during the year ended 31 December 2015 as none of the restrictions that led to the adoption of the contracts under the Contractual Arrangements has been removed.

Set out below are certain key financial information of Shenzhen NNK as prepared in accordance with the PRC accounting standards during the year ended 31 December 2015:

	Year ended 31 December 2015
	RMB'000
Revenue	**231,370**
Total assets	**587,160**

The Directors of the Company (including independent non-executive directors) are of the view that the Contractual Arrangements are (i) fundamental to the Group's legal structure and business operations; and (ii) entered into in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company's Shareholders as a whole.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the continuing connected transactions of the Group.

Waiver from Stock Exchange and Annual Renew

The Stock Exchange has granted a waiver from strict compliance with (i) the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; (ii) the requirement of setting a maximum aggregate annual value, i.e. an annual cap, for the fees payable to Daily Charge Shenzhen under the Contractual Arrangements; and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less, for so long as the Company's shares are listed on the Stock Exchange subject to certain conditions as disclosed on pages 203 to 204 of the Prospectus.

Risks associated with the Contractual Arrangements and the actions taken by the Company to mitigate the risks

Risk associated with the Contractual Arrangements	Mitigation actions taken by the Company
If the PRC government finds that the agreements that establish the structure for operating the Company's business in the PRC do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, the Company could be subject to severe penalties or be forced to relinquish the Company's interests in those operations.	The Directors will closely monitor the latest development of the existing or future applicable PRC laws or regulations (such as Draft Foreign Investment Law), and will take measures to ensure that the Company is under the control of PRC investors so as to comply with relevant rules and regulations in the PRC.
The Company's Contractual Arrangements may not be as effective in providing operational control as direct ownership and the Company's PRC Operating Entity or its shareholders may fail to perform their obligations under the Company's Contractual Arrangements.	According to the entrustment agreement and powers of attorney, equity pledge agreement and the management and operation agreement, the arbitration tribunal may decide compensation for the equity interests or property ownership of PRC Operating Entity or their shareholders, decide enforceable remedy or demand a bankrupt on PRC Operating Entity or their shareholders for relevant business or enforceable asset transfer. Any party is entitled to request the competent court to execute the arbitration award when it comes into effect.
The Company may lose the ability to use assets held by its PRC Operating Entity that are material to the operation of the Company's business if the Company's PRC Operating Entity declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.	Pursuant to the exclusive option agreements, in the event of a mandatory liquidation required by the laws of PRC, the Registered Shareholders irrevocably and unconditionally granted an exclusive option to Daily Charge Shenzhen which entitles Daily Charge Shenzhen to elect to purchase, when permitted by the then applicable PRC laws, all or any part of the equity interests in Shenzhen NNK from the Registered Shareholders itself or through its designated person(s). Such designated person(s) shall be appointed by Daily Charge Shenzhen in its sole discretion. The transfer price of the relevant equity interests shall be the minimum purchase price permitted under PRC laws and the Registered Shareholders have undertaken to return in full the consideration received in relation to such transfer of equity interests to Daily Charge Shenzhen.

Risk associated with the Contractual Arrangements	Mitigation actions taken by the Company
The Company's Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that the Company owes additional taxes could substantially reduce the Company's net income and the value of your investment.	Having considered (i) the tax compliance certificate issued by the relevant tax authorities; and (ii) that the Company has not encountered any interference or encumbrances from any PRC tax authority or other government authorities to the Contractual Arrangements, the Directors are of the view that the Contractual Arrangements are not likely to be challenged by the PRC tax authority and other government authorities.
The shareholders of the Company's Operating Entity may have conflicts of interest with the Company, which may materially and adversely affect the Company's business.	(a) The independent non-executive Directors will review, on an annual basis, the compliance with and enforcement of the Non-Competition Deed that the Company entered into with the Controlling Shareholders on 23 September 2015; (b) each of the Controlling Shareholders undertakes to provide all information necessary for the annual review by the independent non-executive Directors and professional advisers of the Company with regard to the compliance with and enforcement of the Non-Competition Deed; (c) each of the Controlling Shareholders will disclose decisions on matters reviewed by the independent non-executive Directors of the Company related to the compliance with and enforcement of the Non-Competition Deed in the annual report of, or by way of announcement; and (d) the Controlling Shareholders will make an annual declaration on compliance with their undertaking under the Non-competition Deed in the corporate governance report in Company's annual report.

Risk associated with the Contractual Arrangements	Mitigation actions taken by the Company
The Contractual Arrangements between the Company's WFOE and the Company's PRC Operating Entity may subject the Group to increased income tax due to the different income tax rates applicable to the Company's WFOE and the PRC Operating Entity and adversely affect the Company's results of operations.	Pursuant to the PRC Enterprise Income Tax Law, Shenzhen NNK was qualified as a High and New Technology Enterprise in 2014 and as a result, enjoys a preferential enterprise income tax rate of 15% as disclosed in Note 10 to the consolidated financial statements. Shenzhen NNK would use its reasonable endeavours to take all necessary actions to maintain its qualification as High and New Technology Enterprise in order to continue to enjoy a reduced income tax rate of 15%. The WFOE will take necessary action to apply for the qualification of "software enterprise" in 2016 to enjoy an income tax exemption for two years beginning with the first profitable year and a 50% tax reduction to an income tax rate of 12.5% for the subsequent three years.
The Company conducts its business operation in the PRC through its PRC Operating Entity by way of the Contractual Arrangements, but certain terms of the Contractual Arrangements may not be enforceable under PRC laws.	The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of the Company's PRC Operating Entity, injunctive relief and/or winding up of the Company's PRC Operating Entity. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. Any party is entitled to request the competent court to execute the arbitration award when it comes into effect.

Risk associated with the Contractual Arrangements	Mitigation actions taken by the Company
If the Company exercises the option to acquire equity ownership of the PRC Operating Entity, the ownership transfer must be approved or filed with PRC governmental authorities and is subject to taxation, which may result in substantial costs.	Pursuant to the Contractual Arrangements, Daily Charge Shenzhen (or its designee) has the exclusive right to purchase all or any part of the equity interests in the Company's PRC Operating Entity from the respective shareholders for the minimum price permitted under the then applicable PRC laws. The equity interest transfer is subject to the approval from or filings with Ministry of Commerce of the PRC (the "**MOFCOM**"), Ministry of Industry and Information Technology of PRC (the "**MIIT**") and/or their local competent branches. According to the exclusive option agreement, the transfer price of the relevant equity interests shall be the minimum purchase price permitted under PRC laws and the Registered Shareholders have undertaken to return in full the consideration received in relation to such transfer of equity interests to Daily Charge Shenzhen. In addition, the equity interest transfer price may be subject to review and tax adjustment by the relevant tax authority. The shareholders of the Company's PRC Operating Entity will be subject to PRC individual income tax on the difference between the equity interest transfer price and the then current registered capital of the Company's PRC Operating Entity. The shareholders of the Company's PRC Operating Entity will pay, after deducting any such tax, the remaining amount to Daily Charge Shenzhen under the Contractual Arrangements. The amount to be received by Daily Charge Shenzhen may also be subject to enterprise income tax.

For details of the risks associated with the Contractual Arrangements, please refer to the section headed "Risk Factors – Risks Relating to Our Contractual Arrangement" in the Prospectus.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions under the Contractual Arrangements and confirmed that these continuing connected transactions have been entered into:

(i) in the ordinary and usual course of the business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the relevant arrangements governing them on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The independent non-executive Directors have also confirmed that (i) the transactions carried out during the year ended 31 December 2015 have been entered into in accordance with the relevant provisions of the Contractual Arrangements, have been operated so that the revenue generated by the Company's operating entity has been substantially retained by Daily Charge Shenzhen; (ii) no dividends or other distributions have been made by the Company's PRC Operating Entity to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and (iii) there were no new contracts entered into, renewed or reproduced between the Group and the PRC Operating Entity during the year ended 31 December 2015.

Pursuant to Rule 14A.56 of the Listing Rules, the Board has engaged the auditor of the Company to carry out procedures in relation to the Contractual Arrangements in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued unqualified opinion containing the conclusion in respect of the Contractual Arrangements which are in compliance with the Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of significant related party transactions undertaken in the normal course of business are set out in Note 33 to the consolidated financial statements. Other than those transaction headed "Connected Transactions" above, none of them constitutes a connected transaction required for disclosure under Chapter 14A of the Listing Rules.

The related party transactions mentioned in note 33 to the consolidated financial statements are not continuing connected transactions which are subject to annual reporting requirements under Chapter 14A of the Listing Rules, hence there is no disclosure requirements in accordance with Chapter 14A of the Listing Rules for such transactions.

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 year ended 31 December 2015, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company was listed on the Stock Exchange on 7 January 2016. None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of Cayman Islands, being the jurisdiction in which the Company is incorporated, under which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

BANK LOANS AND OTHER BORROWINGS

Details of the bank loans and other borrowings of the Group as at 31 December 2015 are set out in Note 25 to the consolidated financial statements.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance and has complied with the CG Code as set out in Appendix 14 to the Listing Rules. Further information on the Company's Corporate Governance practices is set out in the Corporate Governance Report on pages 45 to 57.

CHARITABLE DONATIONS

During the year ended 31 December 2015, the Group made approximately HK$1.0 million charitable and/or other donations.

EQUITY-LINKED AGREEMENTS

Save for the Scheme of the Company as set out in this report, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2015.

PERMITTED INDEMNITY AND INSURANCE PROVISION

The Articles provides that every director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

The Company have taken out insurance against the liabilities and costs associated with defending any proceedings which may be brought against the directors of any Group Company.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company (the "**Audit Committee**") has reviewed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters, including the review of the audited financial statements of the Group for the year ended 31 December 2015. The financial statements for the year ended 31 December 2015 have been audited by the Company's external auditors, Deloitte Touche Tohmatsu.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, for the period from the Listing Date and up till the latest practicable date prior to the issue of this report, the Company has maintained the public float of the issued shares of the Company as required under the Listing Rules.

PROFESSIONAL TAX ADVICE RECOMMENDED

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the shares of the Company. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2015 and up to the latest practicable date prior to the issue of this report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four years is set out on page 4 of the annual report. This summary does not form part of the audited consolidated financial statements.

AUDITOR

Deloitte Touche Tohmatsu has acted as auditor of the Company for the year ended 31 December 2015.

Deloitte Touche Tohmatsu will retire and, being eligible, offer themselves for re-appointment at the annual general meeting. A resolution for the reappointment of Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Huang Junmou
Chairman

Hong Kong, 22 March 2016

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving and maintaining the level of its corporate governance so as to ensure greater accountability and transparency and deliver long-term return to the Shareholders. 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 Board is pleased to present this corporate governance report in the annual report for the year end 31 December 2015.

CORPORATE GOVERNANCE PRACTICES

The Company was listed on the Stock Exchange on 7 January 2016, the CG Code contained in Appendix 14 to the Listing Rules was not applicable to the Company for the period from 1 January 2015 to 31 December 2015. The Company has adopted the Code Provisions (the "**Code Provisions**") as set out in the CG Code in Appendix 14 to the Listing Rules with effect from 7 January 2016. Form the Listing Date and up to the date of this annual report, the Company has complied with the Code Provisions. The Board is committed to complying with the principles of the CG Code contained in the Appendix 14 to the Listing Rules. The Board will continue to review and enhance its corporate governance practice to ensure compliance with the CG Code, and make necessary changes as appropriate.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set forth in Appendix 10 of the Listing Rules as a code of conduct of the Company for Directors' securities transactions with effect from 7 January 2016. Having made specific enquiry to all Directors, the Directors have complied with the required standard set out in the Model Code from the Listing Date to the date of this annual report.

THE BOARD OF DIRECTORS

Board Composition

As at 31 December 2015, the Board comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

During the year ended 31 December 2015 and up to the date of this annual report, the Board comprises the following Directors:

Executive Directors

Mr. HUANG Junmou *(Chairman)*
Mr. YANG Hua *(Chief Executive Officer)*
Mr. LUO Mingxing *(resigned on 8 February 2016)*

Non-Executive Directors

Mr. LI Xiangcheng
Mr. XU Xinhua
Mr. YU Zida

Independent Non-Executive Directors

Mr. LIN Zhangxi
Mr. QIAN Haomin
Ms. ZHAO Jinlin

The biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 16 to 20 of this annual report.

Details regarding the term of appointment of the non-executive Directors are set out in the section headed "Directors' Service Contracts and Letters of Appointments" on page 26 of this annual report. The management and supervision of the Company's operations and the function of formulating overall business strategies were vested in the Board.

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors, representing one-third of the Board. At least one independent non-executive Director, namely Ms. Zhao Jinlin, possesses appropriate professional qualifications, or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Company has received annual confirmation from each of the independent non-executive Directors of his/her independence pursuant to the requirements of the Listing Rules. The Company considers that each of the independent non-executive Directors to be independent in accordance with the independence guidelines within the meaning of Rule 3.13 of the Listing Rules.

The CG Code requires directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments to the company, the Directors have agreed to disclose the same to the Company in a timely manner.

Role and Function and Delegation by the Board

The Board is responsible for leadership and control of the Company. The Board oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Directors make decisions objectively in the interests of the Company. The Board has delegated to the chief executive officer, and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. Further details of these committees are set out in section headed "Board Committees" in this report.

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interest of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance to indemnify its Directors in respect of legal actions against them.

Board Diversity

The Company adopted a board diversity policy on 7 January 2016 which sets out its approach to achieve diversity on the Board with a view to achieve a sustainable and balanced development of the Company.

The Company seeks to achieve Board diversity taking into consideration a number of factor, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision will be based on merit and the contribution that the selected candidates will bring to the Board.

Board Meetings

Board meetings are scheduled for at least four times per year with the non-executive Directors and independent non-executive Directors. Notice of not less than 14 days is given for all regular board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting pursuant to code provision A.1.3 of the CG Code.

All Directors are provided with agenda and relevant information related to the board meeting in advance. They can access to the senior management and the joint company secretaries of the Company at all time and, upon reasonable request, seek independent professional advice at the Company's expense.

Minutes of the meetings are kept properly with copies circulated to all Directors for information and record. Minutes of the board meetings and committee meetings are recorded in sufficient detail of the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each board meeting and committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the board meetings are available for inspection by Directors.

The Company was listed on the Stock Exchange on 7 January 2016. During the year ended 31 December 2015, five board meetings were held. The attendance records of each Director at the Board meetings in 2015 are as follows:

Directors	**Attendance/ Number of Board Meetings in 2015**
Executive Directors	
Mr. HUANG Junmou	5/5
Mr. YANG Hua	5/5
Mr. LUO Mingxing *(resigned on 8 February 2016)*	5/5
Non-executive Directors	
Mr. LI Xiangcheng	5/5
Mr. XU Xinhua	5/5
Mr. YU Zida	5/5
Independent non-executive Directors	
Ms. ZHAO Jinlin	5/5
Mr. QIAN Haomin	5/5
Mr. LIN Zhangxi	5/5

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Pursuant to code provision A.6.5 of the CG Code, the Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading materials on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses. According to the records of the Company, in 2015, all Directors attended training sessions on duties and obligations of directors of companies listed on the Stock Exchange, covering topics on connected transactions and corporate governance, which was presented by Latham & Watkins. The Company also provided periodic legal updates and developments on the Listing Rules, the Hong Kong Companies Ordinance, news updates from the Stock Exchange and Securities & Futures Commission of Hong Kong and other relevant legal and regulatory requirements to all Directors, as well as regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors	Attending induction training	Reading Regulatory materials
Executive Directors		
Mr. HUANG Junmou	√	√
Mr. YANG Hua	√	√
Mr. LUO Mingxing *(resigned on 8 February 2016)*	√	√
Non-executive Directors		
Mr. LI Xiangcheng	√	√
Mr. XU Xinhua	√	√
Mr. YU Zida	√	√
Independent non-executive Directors		
Ms. ZHAO Jinlin	√	√
Mr. QIAN Haomin	√	√
Mr. LIN Zhangxi	√	√

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Code provision A.4.1 of the CG Code stipulates that non-executive Directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 of the CG Code states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the executive Directors has entered into a service contract with the Company for a specific term of three years unless terminated by not less than three months' notice in writing served by either the executive Director or the Company.

Each of the non-executive Directors has entered into a service contract with the Company for a specific term of three years unless terminated by not less than three months' notice in writing served by either the non-executive Director or the Company.

Each of the independent non-executive Directors has signed a letter of appointment with the Company and is appointed for a specific term of three years.

The appointments of all Directors are subject to the provisions of retirement and rotation of Directors under the Articles. In accordance with the Articles, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer of a listed company should be separate and should not be performed by the same individual. The Company was in compliance with code provision A.2.1 of the CG Code in 2015. During the year ended 31 December 2015, Mr. Huang Junmou served as the chairman of the Company, and was primarily responsible for providing leadership to the Board and overseeing the Group's strategic planning and overall management, while Mr. Yang Hua was the chief executive officer of the Company, and was responsible for the Group's overall management, operations and business development.

Mr. Huang Junmou is the chairman of the Company and has been an Executive Director since 18 June 2014. Mr. Huang is the founder of the Group and has served as a director and chairman of the board of directors of Shenzhen NNK since its incorporation. Mr. Huang oversees the Group's overall strategic planning and management. Mr. Huang has over 10 years of experience in information technology related industries, including over eight years of experience in the mobile top-up service industry.

Mr. Yang Hua is the chief executive officer of the Company and has been an executive Director since 18 June 2014. Mr. Yang is responsible for our Group's overall management, operations and business development. He is a founder of our Group and has served as a director and general manager of Shenzhen NNK since December 2010. Mr. Yang has over 10 years of experience in the Internet industry, including over eight years of experience in the mobile top-up service industry.

Mr. Huang Junmou and Mr. Yang Hua have led the Company since 2006 and the Company become the leading provider of mobile top-up services through electronic banking systems in China. Their vision and insight into the mobile top-up market has significantly contributed to the Company's rapid growth.

The chairman encourages all Directors, including the independent non-executive Directors, to actively participate in all board and committee meetings.

Code provision A.2.7 of the CG Code stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. In 2015, the chairman met with the non-executive Directors and independent non-executive Directors without the executive Directors present to understand their concerns and to discuss pertinent issues.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, to handle particular responsibilities of the Board and the Company's affairs. All board committees of the Company are established with defined written terms of reference which have been uploaded to the website of the Stock Exchange and that of the Company, and are provided with sufficient resources to discharge their duties.

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the Audit Committee by the Board. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process and select external auditors and assess their independence and qualifications.

During the year ended 31 December 2015, the Audit Committee consists of three independent non-executive directors, namely Ms. Zhao Jinlin, Mr. Lin Zhangxi and Mr. Qian Haomin. Ms. Zhao Jinlin has been appointed as the chairlady of the Audit Committee, and is the Company's independent non-executive Directors with the appropriate professional qualifications.

The Audit Committee schedules to hold at least two meetings a year. Since the Company was listed on the Stock Exchange on 7 January 2016, no meeting was held in 2015.

The Audit Committee held a meeting on 21 March 2016 and reviewed the audited consolidated results of the Group for the year ended 31 December 2015 and the effectiveness of the risk management and internal control systems of the Company.

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the Remuneration Committee by the Board. The primary duties of the Remuneration Committee are, among other things, to establish, review and make recommendation on the remuneration policy and remuneration structure for the Directors and senior management and evaluate the structure and composition of the Board.

The Remuneration Committee comprises two independent non-executive directors, being Ms. Zhao Jinlin and Mr. Lin Zhangxi and one executive Director, being Mr. Huang Junmou. Mr. Lin Zhangxi, has been appointed as the chairman of the Remuneration Committee.

The Remuneration Committee schedules to hold at least one meeting a year. Since the Company was listed on the Stock Exchange on 7 January 2016, no meeting was held in 2015.

The Remuneration Committee held a meeting on 21 March 2016 and reviewed the remuneration package of the Directors of the Company and the remuneration policy of the Group's senior management.

The primary goal of the Group's remuneration policy for executive Directors is to enable the Company to retain and motivate executive Directors by linking their compensation with their individual performance. The remuneration package includes basic salary, performance and/or discretional bonus, participation in the Scheme and other benefits. Remuneration of the non-executive Directors mainly includes the director's fee which is a matter for the Board to decide by reference to the duties and responsibilities of the non-executive Director. Remuneration of the independent non-executive Directors includes the director's fee which is determined by the Board based on the duties and responsibilities of independent non-executive Directors and their participation in the Scheme.

The emoluments of each Director and senior management for the year ended 31 December 2015 are set out in Note 11 to the consolidated financial statement.

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with the requirements of the CG Code as set out in the Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the Nomination Committee by the Board. The primary duties of the Nomination Committee are, among other things, to make recommendations to the Board on the appointment and removal of Directors of the Company and evaluate the structure and composition of the Board. In the nomination procedures, the Nomination Committee makes reference to criteria including reputation of candidates for integrity, accomplishment and experience, professional and educational backgrounds.

The Nomination Committee consists of two independent non-executive Directors, being Ms. Zhao Jinlin and Mr. Qian Haomin and one executive Director, being Mr. Huang Junmou. Mr. Huang Junmou has been appointed as the chairman of the Nomination Committee.

The Nomination Committee schedules to hold at least one meeting a year. Since the Company was listed on the Stock Exchange on 7 January 2016, no meeting has been held in 2015.

The Nomination Committee held a meeting on 21 March 2016 and reviewed the structure, size and composition of the Board, assessed the independence of independent non-executive Directors to determine their eligibility and discussed the re-appointment of directors and succession planning for directors.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties including:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct applicable to employees and Directors; and

(e) to review the Company's compliance with Appendix 14 to the Listing Rules.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2015 which give a true and fair view of the Group's affairs, results and cash flows. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The management of the Company has provided to the Board such explanation and information as necessary to enable the Board to carry out an informed assessment of the Group's financial statements, which are put to the Board for approval. The Company provides all members of the Board with updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cause significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 58 and 59 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS

Subsequent to the Company's listing on the Stock Exchange on 7 January 2016, the Board, through the Audit Committee, conducted a review on the effectiveness of the Company's risk management and internal control system on 21 March 2016, including the monitoring systems on finance, operation and compliance, the adequacy of resources, the evaluation of the staff's qualifications and experience, the provision of training programmes and the Company's budget.

The Board is responsible for overseeing the risk management and internal control of the Group. A defined management structure with specified limits of authority and responsibilities is developed for safeguarding assets against unauthorized use or disposition, maintaining proper accounting records for the provision of reliable financial information for internal use or for publications, and complying with applicable laws, rules and regulations.

The Company's risks are identified from operations in its established enterprise-wide risk assessment methodologies. The Company periodically reviews each position of the operating department and other functional departments to identify, analyse and evaluate the risks. The risk assessment results and the proposed internal control measures are submitted to the senior management of the Company for review and approval. The senior management are also responsible for supervising the effectiveness of implementation and future execution of the risk control measurement.

The Company has established the internal audit function to perform annual financial review. The results of the internal audit and review are reported to the executive Directors and the Audit Committee. The Audit Committee have reviewed the Group's internal audit function and are satisfied with its adequacy and effectiveness during the year ended 31 December 2015.

During the year ended 31 December 2015, the Board has conducted a review of the effectiveness of the Group's risk management and internal control system, and considered the risk management and internal control system effective and adequate in all material aspects in both design and operations.

INDEPENDENT AUDITORS' REMUNERATION

The Group's independent auditor is Deloitte Touche Tohmatsu.

For the year ended 31 December 2015, the fees paid/payable to Deloitte Touche Tohmatsu in respect of their audit and non-audit services (in relation to the listing) were approximately RMB1.3 million and approximately RMB6.6 million respectively.

JOINT COMPANY SECRETARIES

Ms. Ouyang Jiejiao and Ms. Wong Wai Ling have been appointed by the Company as the joint company secretaries. Ms. Ouyang is the deputy chief financial officer of the Company. Ms. Wong is the Assistant Vice President of a corporate services provider, SW Corporate Services Group Limited, and assists Ms. Ouyang in company secretarial affairs. The primary corporate contact person of Ms. Wong at the Company is Ms. Ouyang.

Since the Company was listed on the Stock Exchange on 7 January 2016, Rule 3.29 of the Listing Rules was not applicable to the Company for the period from 1 January 2015 to 31 December 2015.

COMPLIANCE ADVISER

The Company appointed Quam Capital Limited as the compliance adviser of the Company on 19 March 2015 to provide guidance and opinion in respect of the compliance with the Listing Rules and other regulations and practice governing listed issuers in Hong Kong upon listing.

The Company and Quam Capital Limited have mutually agreed to terminate the compliance adviser agreement on 22 January 2016. Lego Corporate Finance Limited has been appointed as the new compliance adviser as required pursuant to Rule 3A.27 of the Listing Rules with effect on 22 January 2016. Lego Corporate Finance Limited will continue to provide guidance and opinion to the Company in respect of the compliance with the Listing Rules and other regulations and practice governing listed issuers in Hong Kong.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company and the Board believe that effective communication with Shareholders and other investment community is essential. It is a strategic management activity which enhances the understanding between the Company and the investor community, improving the level of corporate governance, transparency and strategic credibility as well as creating values for Shareholders. The Company's objectives on investor relations are to maintain strong contacts with investors, to provide them with accurate and timely information, to listen to Shareholders' suggestions and concerns, and answer raised questions sincerely.

The Shareholders' meeting provides a useful forum for the Shareholders to exchange views with the Board. The Directors will attend the Shareholders' meetings to answer the questions raised by the Shareholders. Published documents together with the latest corporate information and news are available on the Company's website at www.nnk.com.hk.

The Company and the Board value the views and inputs of Shareholders and investors. The Company welcomes suggestions from investors and Shareholders in relation to the development of the Company to the Company's investor relations team via email or telephone.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors.

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Article 12.3 of the Articles, general meetings shall be convened on the written requisition of any two or more Shareholders deposited at the principal office of the Company in Hong Kong at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one Shareholder which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Procedures for Shareholders to Propose a Person for Election as a Director

Pursuant to the Article 16.4 of the Articles, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles or Cayman Islands Companies Law for shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph headed "Procedures for Shareholders to Convene an Extraordinary General Meeting".

Putting Forward Enquiries to the Board

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong share registrar, namely, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the Company's headquarters and principal place of business in the PRC at 6/F, 3 Building A Area, Internet Industry Base, Xixiang, Baoyuan Road, Baoan District, Shenzhen, PRC.

CHANGE IN CONSTITUTIONAL DOCUMENTS

An amended and restated Memorandum and Articles of Association of the Company was adopted on 14 December 2015 and took effect from the Listing Date. Save as disclosed herein, there were no significant changes in the constitutional documents of the Company.

INFORMATION DISCLOSURE

Regarding the disclosure of inside information and internal control measures, the Company understands its duties under the Listing Rules and SFO, and adheres to the important principle of timely publication of the inside information. The Company abides by the "Guide on disclosure of inside information" published by the Securities and Futures Commission, and has developed a complete system of internal procedures and internal control measures for processing and publication of information in order to ensure the timely, accurate and appropriate disclosure of relevant information to the Shareholders and regulatory authorities.

The Group has put in place a system for the disclosure of inside information in compliance with the SFO. The system sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the stakeholders to apprehend the latest position of the Group. The system and its effectiveness are subject to review on a regular basis according to the established procedures.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF NNK GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of NNK Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 60 to 108, which comprise the consolidated statement of financial position as at 31 December 2015, and 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 then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Continuing operation			
Revenue	6	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	7	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	8	(13,802)	(12,134)
Profit before tax	9	38,527	59,444
Income tax expense	10	(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	12	—	(17)
		26,803	54,503
Discontinued operation			
Loss for the year from discontinued operation attributable to owners of the Company	13	—	(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	15		
From continuing and discontinued operations (RMB)		0.09	0.10
From continuing operation (RMB)		0.09	0.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	16	11,732	14,393
Rental deposits		337	249
Deferred tax assets	27	5,568	—
		17,637	14,642
Current assets			
Inventories	17	265,625	142,181
Trade receivables	18	38,138	46,393
Prepayments, deposits and other receivables	19	117,638	31,314
Amounts due from Shareholders	20	—	10,045
Amounts due from related companies	20	86,793	132,295
Loans to third parties	21	—	10,500
Tax recoverable		—	584
Restricted bank deposits	22	27,000	—
Cash and cash equivalents	22	49,968	21,269
		585,162	394,581
Current liabilities			
Trade payables	23	55,055	54,059
Other payables	24	64,918	20,738
Amounts due to related companies	20	—	99,452
Tax payables		1,518	—
Bank borrowings	25	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
Non-current liabilities			
Government grants	26	2,419	3,983
Deferred tax liabilities	27	9,280	—
		11,699	3,983
Net assets		124,794	97,991

	Notes	2015 RMB'000	2014 RMB'000
Capital and reserves			
Share/paid-in capital	28	308	20,988
Reserves		124,486	77,003
Equity attributable to owners of the Company		124,794	97,991
Non-controlling interests	12	—	—
Total equity		124,794	97,991

The consolidated financial statements on 60 to 108 was approved and authorised for issue by the Board of Directors on 22 March 2016 and are signed on its behalf by:

Huang Junmou, *DIRECTOR*

Yang Hua, *DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company						
	Share/ Paid-in capital RMB'000	Capital reserve RMB'000 (Note i)	Statutory reserves RMB'000 (Note ii)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2014	20,680	320	10,340	42,378	73,718	381	74,099
Profit (loss) and total comprehensive income (expenses) for the year	—	—	—	28,455	28,455	(17)	28,438
Dividends declared (note 14)	—	—	—	(30,000)	(30,000)	—	(30,000)
Deemed contribution from the Shareholders	—	25,510	—	—	25,510	—	25,510
Distribution to non-controlling interests	—	—	—	—	—	(364)	(364)
Issue of shares	308	—	—	—	308	—	308
At 31 December 2014	20,988	25,830	10,340	40,833	97,991	—	97,991
Profit and total comprehensive income for the year	—	—	—	26,803	26,803	—	26,803
Arising from reorganisation	(20,680)	20,680	—	—	—	—	—
At 31 December 2015	**308**	**46,510**	**10,340**	**67,636**	**124,794**	—	**124,794**

Notes:

(i) The amounts of capital reserves mainly include:

(a) an amount of RMB25,510,000 representing the differences between the consideration received on disposal of the entire equity interests in Shenzhen Shenzhou Tongfu Technology Co., Ltd. ("**Shenzhou Tongfu**") and Chengdu Shenzhou Tongfu Technology Co., Ltd. ("**Chengdu Tongfu**"), subsidiaries of the Company, to a related company and the Shareholders (as defined in note 1), and the carrying amounts of the net assets of Shenzhou Tongfu and Chengdu Tongfu; and

(b) an amount of RMB20,680,000 representing the difference between the nominal value of the share capital issued by the Company and the registered capital of the subsidiaries acquired by the Company upon the Corporate Reorganisation (as defined in note 2).

(ii) As stipulated by the relevant laws in the People's Republic of China (the "**PRC**"), the PRC subsidiaries are required to maintain a statutory reserve fund. The minimum transfer to statutory reserve is 10% of profit after tax of the PRC subsidiaries according to the PRC subsidiaries' statutory financial statements. No appropriation is required if the balance of the statutory reserve has reached 50% of the registered capital of the PRC subsidiaries. The statutory reserves can be used to make up losses or for conversion into capital.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
OPERATING ACTIVITIES		
Profit before tax	38,527	33,379
Adjustments for:		
Depreciation of property, plant and equipment	7,423	6,291
Finance costs	13,802	12,134
Government grants related to assets (note 26)	(1,564)	(1,061)
Loss on disposals of property, plant and equipment	—	22
Interest income	(1,804)	(1,732)
Operating cash flows before movements in working capital	56,384	49,033
Increase in rental deposits	(88)	(95)
(Increase) decrease in inventories	(123,444)	30,110
Decrease in trade receivables	8,255	1,551
(Increase) decrease in prepayments, deposits and other receivables	(86,324)	381
Increase in trade payables	996	21,705
Increase (decrease) in other payables	44,180	(575)
Cash (used in) generated from operations	(100,041)	102,110
Income tax paid	(5,910)	(3,735)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(105,951)	98,375
INVESTING ACTIVITIES		
Net cash inflow (outflow) from disposal of subsidiaries	85,000	(15,031)
Purchase of property, plant and equipment	(5,275)	(9,901)
Repayments from third parties	10,500	17,500
Advances to third parties	—	(10,500)
Interest received	1,804	1,732
Proceeds from disposal of property, plant and equipment	513	427
Advance to related companies	(324,315)	(208,408)
Repayments from related companies.	284,817	34,244
Placement of structured products	(2,668,700)	(374,267)
Withdrawal of structured products	2,668,700	374,267
Placement of restricted bank deposit	(27,000)	—
Advances to Shareholders	(7,776)	(10,045)
Repayments from Shareholders	17,821	95,698
NET CASH FROM (USED IN) INVESTING ACTIVITIES	36,089	(104,284)

	2015 RMB'000	2014 RMB'000
FINANCING ACTIVITIES		
Dividend paid	(30,000)	—
Interest paid	(13,802)	(12,134)
Repayments of bank borrowings	(995,197)	(674,955)
Proceeds from bank borrowings	1,237,012	539,955
Distribution to non-controlling interests	—	(364)
Issue of shares	—	308
Advances from related companies	—	148,696
Repayments to related companies	(99,452)	(24,622)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	98,561	(23,116)
Net increase (decrease) in cash and cash equivalents	28,699	(29,025)
Cash and cash equivalents at the beginning of the year	21,269	50,294
Cash and cash equivalents at the end of the year	49,968	21,269

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, 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 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 explained 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
- 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 Tongfu, were disposed to a related company and the Shareholders on 26 November 2014. Details are set out in note 13.

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

2. BASIS OF PREPARATION OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- 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 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. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has consistently applied all the 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]

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

[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.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance 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) regarding preparation of accounts and directors' 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 CO 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests has a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Mobile top-up service income is received from the mobile subscribers, net of cost of mobile top-up credits sourced from the PRC telecommunication companies or vendors. Mobile top-up service income is recognised when the telecommunication companies completed the mobile top-up service for the mobile subscribers.

Service income is recognised when the services is rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Research and development expenditure

Expenditure on research and development activities which is not eligible for capitalisation is recognised as an expense in the period in which it is incurred.

Retirement benefit costs

Payments to state-managed retirement benefits schemes which are classified as defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investment in a subsidiary except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, amounts due from Shareholders, amounts due from related companies, loans to third parties, restricted bank deposit and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Financial assets such as trade receivables that are assessed not to be impaired individually are, subsequently, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit and loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including trade payables, other payables, amounts due to related companies and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition

The Group assesses its business relationships with users of the mobile top-up service and suppliers of mobile top-up credits and determines that the Group is providing the mobile top-up services by facilitating transactions between the PRC telecommunication companies and mobile subscribers, and accordingly reports revenue derived from such services on a net basis.

In determining whether the revenue from mobile top-up services shall be recorded on net basis or gross basis, the Group has made reference to indicators and requirements stated in HKAS 18. Determining whether the Group is acting as a principal or an agent requires judgment and consideration of all relevant facts and circumstances, and the Group considers itself has an agency relationship with the PRC telecommunication companies under HKAS 18 by assessing the following features that are arising from its operations:

- It is the primary responsibility of the PRC telecommunication companies, instead of the Group, for processing the mobile top-up associated with the mobile top-up credits provided to the mobile subscribers.

- The Group has minimal inventory risk for the transactions with mobile top-up credits sourced from the PRC telecommunication companies and their distributors as those mobile top-up credits were used to top-up the mobile subscriber's requests instantaneously. Although the Group maintain a minimal level of mobile top-up credits as buffer stocks, these stocks are used solely to facilitate the transactions.

- The nominal value the mobile top-up credits are usually predetermined by the PRC telecommunication companies.

- The credit risk of the Group is minimal as majority of the mobile subscribers either pay in advance or at time of requesting mobile top-up service via banks or other payment platform.

6. 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.

Revenue from the Group's continuing operation represents the net service income received and receivable from the provision of mobile top-up service by the Group to customers. Revenue from the Group's discontinued operation represents net service income received and receivable from the provision of on-line payment service. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Taking into account the different types of services provided by the Group, the Group's operating segments, based on information reported to the CODM, for the purposes of resource allocation and performance assessment, are as follows:

Mobile top-up business	– Provision of mobile top-up service to mobile subscribers in 2015 and 2014
On-line payment business	– Provision of on-line payment platform service in 2014

These operating segments also represent the Group's reportable segments.

Segment revenues and results

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

	Note	2015 RMB'000	2014 RMB'000
REVENUE			
Continuing operation			
Mobile top-up business		231,370	223,553
Discontinued operation			
On-line payment business	13	—	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

6. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. 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 RMB'000	2014 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.

6. REVENUE AND SEGMENT INFORMATION (continued)

Other segment information

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

	Depreciation		Additions to property, plant and equipment	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 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

7. OTHER INCOME AND EXPENSES

	Note	2015 RMB'000	2014 RMB'000
Interest income			
– from structured products (note a)		1,482	207
– from bank deposits		229	998
– from loans to third parties		93	527
Government grants	26	1,564	1,061
Government subsidy (note b)		5,024	—
Others		34	(195)
		8,426	2,598

Notes:

(a) During the years ended 31 December 2015 and 2014, the Group entered into principal and return unprotected-structured products with banks in the PRC that were denominated in RMB and without fixed maturity period. Interest of the structured products varied depending on the performance and return of underlying investments managed by the banks. The structured products were designated as financial assets at fair value through profit or loss on initial recognition. All the structured products were purchased and redeemed during the years ended 31 December 2015 and 2014.

(b) 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 years, which were recognised in the profit or loss in the year in which they became receivable.

8. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest on bank borrowings wholly repayable within one year	13,802	12,134

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2015 RMB'000	2014 RMB'000
Staff costs (including directors' emoluments (note11))		
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

9. PROFIT BEFORE TAX (continued)

	2015 RMB'000	2014 RMB'000
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

10. INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000
PRC Enterprise Income Tax ("**EIT**")		
Current	8,486	4,941
Over-provision in prior year	(474)	—
	8,012	4,941
Deferred tax (note 27)	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.

10. INCOME TAX EXPENSE (continued)

PRC

Pursuant to the Enterprise Income Tax Law and Implementation Regulations of the Law of the PRC (the "**New PRC Tax Law**") 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.

The income tax expense for the year can be reconciled as follows:

	2015 RMB'000	2014 RMB'000
Continuing operation		
Profit before tax	38,527	59,444
Tax at the applicable tax rate of 25%	9,632	14,861
Tax effect of expense not deductible for tax purpose	4,816	55
Effect of loss on disposal of subsidiaries (note a)	—	(3,750)
Additional tax benefit on research and development expenses (note b)	(1,776)	(1,113)
Effect of tax exemption and relief granted to Shenzhen NNK	(4,186)	(4,941)
Over-provision of EIT in prior year	(474)	—
Tax effect of management fee under Structure Contracts (note c)	3,712	—
Others	—	(171)
	11,724	4,941
Discontinued operation		
Loss before tax	—	(26,065)
Tax at the applicable tax rate of 25%	—	(6,516)
Tax effect of tax losses not recognised	—	6,516
	—	—

10. INCOME TAX EXPENSE (continued)

Notes:

(a) The amount represents the effect of loss on disposal of subsidiaries whereby the deductible loss is based on the difference between the consideration and the initial investment cost in the subsidiaries.

(b) Tax benefit represents an incentive scheme that, in addition to the research and development cost incurred which is deductible for tax purpose, a further 50% of the research and development cost incurred is deductible.

(c) Pursuant to Structured Contracts under the VIE arrangement, Shenzhen NNK will pay the management fee to Daily Charge Technology (Shenzhen) Limited ("**Daily Charge SZ**"). The tax rate of Daily Charge SZ is 25% while the tax rate of Shenzhen NNK is 15%, the payment of management fee will raise the additional tax burden to the Group as a whole. In this regard, the Group has recognised the related tax impacted in deferred tax assets and liabilities. Details are set out in note 27.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

The executive directors and non-executive directors of the Company were appointed on 18 June 2014, and the independent non-executive directors of the Company were appointed on 25 November 2014. Details of the emoluments paid or payable to the directors and the chief executive officer of the Company (including emoluments for the services as employees of the group entities prior to becoming the directors of the Company) by the group entities during the year are as follows:

	Fees RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2015				
Executive directors:				
Huang Junmou	119	1,010	58	1,187
Yang Hua (note a)	119	1,000	58	1,177
Luo Mingxing (note d)	119	905	58	1,082
Non-executive directors:				
Yu Zida (note b)	119	—	—	119
Li Xiangcheng	119	—	—	119
Xu Xinhua	119	—	—	119
Independent non-executive directors (note c)				
Lin Zhangxi	119	—	—	119
Qian Haomin	119	—	—	119
Zhao Jinlin	119	—	—	119
	1,071	2,915	174	4,160

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

	Fees RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2014				
Executive directors:				
Huang Junmou	—	541	54	595
Yang Hua (note a)	—	530	54	584
Luo Mingxing (note d)	—	427	37	464
Non-executive directors:				
Yu Zida (note b)	—	—	—	—
Li Xiangcheng	—	523	54	577
Xu Xinhua	—	276	—	276
Independent non-executive directors (note c)				
Lin Zhangxi	—	—	—	—
Qian Haomin	—	—	—	—
Zhao Jinlin	—	—	—	—
	—	2,297	199	2,496

Notes:

(a) Yang Hua was also appointed as the chief executive officer of the Company on 19 June 2014.

(b) Yu Zida was also the employee of 深圳市神州通投資集團有限公司 Shenzhen Sinomaster Investment Group Co., Ltd. ("**Shenzhen Sinomaster**"), which was controlled by Huang Shaowu, and received emoluments from Shenzhen Sinomaster. However, these is no reasonable basis to allocate any amount to the Group.

(c) The independent non-executive directors of the Company were appointed on 25 November 2014 and no emoluments were paid or payable to the independent non-executive directors during the year ended 31 December 2014.

(d) On 8 February 2016, Luo Mingxing ceased to be the executive director of the Company.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

Employees

The five highest paid individuals included 3 (2014: 4) individuals who become directors of the Company in 2015. The emoluments of the remaining 2 (2014: 1) individuals for are as follows:

	2015 RMB'000	2014 RMB'000
Employees		
– salaries and allowances	956	464
– retirement benefit schemes contributions	79	52
	1,035	516

During both years, the emoluments of remaining employees were within HK$1,000,000 band.

During both years, no emoluments were paid by the Group to any of the directors, chief executive officer of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and the chief executive of the Company has waived any emoluments during both years.

12. NON-CONTROLLING INTERESTS

The following table shows the details of a non-wholly owned subsidiary of the Group that have non-controlling interests during the year ended 31 December 2014.

Name of subsidiary	Place of establishment and principal place of business	Proportion of equity interest and voting power held by non-controlling interests as at 31 December 2014 %	Loss allocated to non-controlling interests for the year ended 31 December 2014 RMB'000	Accumulated non-controlling interests as at 31 December 2014 RMB'000
Shenzhen Tela Technology Co., Ltd. ("**Tela Technology**")	The PRC	N/A (note)	(17)	—

Summarised financial information in respect of Tela Technology is set out below which is before intragroup elimination.

	2014 RMB'000
Revenue	—
Expenses	(38)
Loss and total comprehensive expenses for the year	(38)
Net cash used in operating activities	(38)
Net cash from investing activities	—
Net cash used in financing activities	(813)
Net cash outflow	(851)
Distribution	(813)

Note: Tela Technology was deregistered on 1 September 2014.

13. DISCONTINUED OPERATION

Shenzhen NNK has entered into a sales and purchases agreement with a related company and the Shareholders to dispose of 90.5% and 9.5% equity interests in Shenzhou Tongfu at an aggregate consideration of RMB85,000,000 on 26 November 2014. Details are set out in note 29.

The results and the cash flows of the discontinued operation for the year ended 31 December 2014 were as follows:

	RMB'000
Revenue	1,465
Cost of revenue	(8,938)
Other income	148
Distribution and selling expenses	(4,752)
Administrative expenses	(5,930)
Research and development expenses	(8,058)
Loss for the year	(26,065)

	RMB'000
Net cash used in operating activities	(25,238)
Net cash used in investing activities	(15,580)
Net cash from financing activities	26,847
Net cash outflow	(13,971)

14. DIVIDENDS

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

15. 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 Capitalisation Issue (as defined in note 28) had been effective on 1 January 2014 and the sub-division of shares on 17 April 2015 as described in note 28 has been adjusted retrospectively.

	2015 RMB'000	2014 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 RMB 0.09 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.

16. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles RMB'000	Computer and office equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
COST				
At 1 January 2014	991	17,404	970	19,365
Additions	—	9,901	—	9,901
Disposals	—	(543)	—	(543)
Eliminated on disposal of subsidiaries	(115)	(4,668)	(970)	(5,753)
At 31 December 2014	876	22,094	—	22,970
Additions	—	5,275	—	5,275
Disposals	—	(1,576)	—	(1,576)
At 31 December 2015	**876**	**25,793**	—	**26,669**
DEPRECIATION				
At 1 January 2014	391	4,751	250	5,392
Provided for the year	136	5,861	294	6,291
Eliminated on disposals	—	(94)	—	(94)
Eliminated on disposal of subsidiaries	(51)	(2,417)	(544)	(3,012)
At 31 December 2014	476	8,101	—	8,577
Provided for the year	116	7,307	—	7,423
Eliminated on disposals	—	(1,063)	—	(1,063)
At 31 December 2015	**592**	**14,345**	—	**14,937**
CARRYING VALUES				
At 31 December 2015	**284**	**11,448**	—	**11,732**
At 31 December 2014	400	13,993	—	14,393

The above items of property, plant and equipment are depreciated on a straight-line basis over the useful lives as follows:

Motor vehicles	5 years
Computer and office equipment	3 to 5 years
Leasehold improvements	shorter of 3 years or over the lease term

17. INVENTORIES

	2015 RMB'000	2014 RMB'000
Pre-paid mobile top-up credits	265,625	142,181

18. TRADE RECEIVABLES

	2015 RMB'000	2014 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, at the end of each reporting period:

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

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

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 RMB'000	2014 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

20. AMOUNTS DUE FROM/TO SHAREHOLDERS/RELATED COMPANIES

The related companies are under the common control of the directors of the Company.

For amounts due from Shareholders and related companies, the amounts are non-trade in nature. The amounts due from related companies are subsequently settled in January 2016. The amounts are unsecured, interest-free and repayable on demand. Details of the amounts due from Shareholders and related companies are shown below.

Amounts due from Shareholders

	2015 RMB'000	2014 RMB'000
Huang Junmou	—	4,330
Yang Hua	—	3,788
Li Xiangcheng	—	1,275
Xu Xinhua	—	598
Huang Shaowu	—	54
	—	10,045

20. AMOUNTS DUE FROM/TO SHAREHOLDERS/RELATED COMPANIES (continued)

Amounts due from related companies

	2015 RMB'000	2014 RMB'000
Shenzhou Tongfu	66,793	—
Shenzhen Sinomaster	—	76,925
深圳市神州通好網絡科技有限公司 Shenzhen Shenzhou Tonghao Network Technology Company Limited ("**Shenzhou Tonghao**")	—	30,100
深圳市神州通行科技有限公司 Shenzhen Shenzhou Tongxing Technology Company Limited ("**Shenzhou Tongxing**")	20,000	24,000
Shenzhen Haolechong Technology Company Limited ("**Haolechong Technology**")	—	700
Chengdu Tongfu	—	560
深圳市神州通票科技有限公司 Shenzhen Shenzhou Tongpiao Technology Company Limited ("**Shenzhou Tongpiao**")	—	5
深圳市威騰達科技有限公司 Shenzhen Weitengda Technology Company Limited ("**Weitengda**")	—	5
	86,793	132,295

20. AMOUNTS DUE FROM/TO SHAREHOLDERS/RELATED COMPANIES (continued)

Amounts due from related companies (continued)

Maximum amount outstanding during the year of amounts due from related companies disclosed pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622) are as follows:

	2015 RMB'000	2014 RMB'000
Shenzhou Tongfu	118,730	—
Shenzhen Sinomaster	76,925	76,925
Shenzhou Tonghao	30,726	30,100
Shenzhou Tongxing	73,999	24,000
Haolechong Technology	700	700
Chengdu Tongfu	614	560
Shenzhou Tongpiao	6,004	37,437
Weitengda	6	6

Details of the amounts due to related companies are shown as follows. The amounts are unsecured, interest-free and repayable on demand.

Amounts due to related companies

	2015 RMB'000	2014 RMB'000
深圳市載眾網絡科技有限公司 Shenzhen Daizhong Network Technology Company Limited	—	549
Shenzhou Tongfu	—	18,964
Quanqiuxing Company Limited	—	79,939
	—	99,452

21. LOANS TO THIRD PARTIES

	2015 RMB'000	2014 RMB'000
RMB fixed-rate loans	—	10,500

In 2014, the Group has entered into certain borrowing arrangements with individuals, who were independent third parties to the Group. Under the arrangements, certain properties of the individuals were pledged to support the Group's bank borrowings. In return, certain proceeds of bank borrowings were subsequently lent to the individuals at fixed interest rate 6.72% per annum and repayable within twelve months. These borrowing arrangements were terminated in December 2014 and all the loans were settled in March 2015.

22. RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

Restricted bank deposits represents the fixed rate deposits in a bank to secure a banking facility, which carry interest at fixed rates range from 2.00% to 3.00% per annum as at 31 December 2015.

The Group's cash and cash equivalents carry interests at prevailing market rates which range from 0.01% to 0.30% per annum as at 31 December 2015 and 2014.

During the year ended 31 December 2014, purchase and sales proceeds from certain customers were paid and collected by the staff of the Group through bank accounts opened under the name of individuals. All individual personal accounts were closed in November 2014 and no cash and cash equivalents of the Group were kept in these bank accounts as at 31 December 2015 and 2014.

23. TRADE PAYABLES

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

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

23. TRADE PAYABLES (continued)

The following is an aged analysis of trade payables presented based on the invoice date at the end of respective reporting periods:

	2015 RMB'000	2014 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

24. OTHER PAYABLES

	2015 RMB'000	2014 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

25. BANK BORROWINGS

	2015 RMB'000	2014 RMB'000
Secured (note)	**19,815**	—
Unsecured	**325,000**	103,000
Repayable on demand or within one year and shown under current liabilities	**344,815**	103,000

Note: The bank borrowings were secured by restricted bank deposit. Details are set out in note 22.

Other than the secured bank borrowing amounting to RMB19,815,000 (2014: nil) which was denominated in HK$, the Group's unsecured bank borrowings were denominated in RMB. All the Group's bank borrowings carried interest rates ranging as below:

	2015	2014
Floating rate bank borrowings	**1.64% to 7.00%**	5.60% to 8.10%

The interest rates of the Group's bank borrowings in the PRC are based on benchmark interest rate of the People's Bank of China. The Group's bank borrowings denominated in HK$ carry variable interest rates at Hong Kong Interbank Offered Rate plus 1.30% to 1.60% per annum.

As at the end of reporting period, the Group has available unutilised banking facilities of approximately RMB75,318,000 (2014: nil).

26. GOVERNMENT GRANTS

	2015 RMB'000	2014 RMB'000
Government grants related to assets	**2,419**	3,983

	RMB'000
At 1 January 2014	5,044
Credit to profit or loss	(1,061)
At 31 December 2014	3,983
Credit to profit or loss	(1,564)
At 31 December 2015	**2,419**

In 2012, the Group received government subsidies of RMB3,000,000 in relation to technology development project. The amount was recognised in profit or loss in the year when the expenses incurred for the project.

In 2013, the Group received government subsidies of RMB5,000,000 in relation to investment in operation equipment. The amount was recognised in profit or loss over the useful lives of the relevant assets.

27. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2015 RMB'000	2014 RMB'000
Deferred tax assets	**(5,568)**	—
Deferred tax liabilities	**9,280**	—
	3,712	—

27. DEFERRED TAXATION (continued)

The following are the deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Deductible management fee expenses of Shenzhen NNK RMB'000	Taxable management fee income of Daily Charge SZ RMB'000	Total RMB'000
At 1 January 2014 and 31 December 2014	—	—	—
(Credit) charge to profit or loss	(5,568)	9,280	3,712
At 31 December 2015	**(5,568)**	**9,280**	**3,712**

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the Group amounting to RMB124,794,000 (31 December 2014: nil) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

28. SHARE/PAID-IN CAPITAL

The share capital/paid-in capital of the Group at 31 December 2014 represented the aggregate of share capital of the Company and 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 ("**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.

28. SHARE/PAID-IN CAPITAL (continued)

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

29. DISPOSAL OF SUBSIDIARIES

On 26 November 2014, Shenzhen NNK disposed of 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 RMB85,000,000, which was fully settled in April 2015. The consideration was mutually agreed by the relevant contractual parties after negotiations.

The net assets of Shenzhou Tongfu and its subsidiary at the date of disposal were as follows:

	RMB'000
Non-current assets	
Property, plant and equipment	2,741
Rental deposits	514
Current assets	
Trade receivables	61
Amounts due from related companies	67,613
Prepayments and other receivables	2,625
Cash and cash equivalents.	15,031
Current liabilities	
Other payables	(2,248)
Amounts due to related companies	(26,847)
Net assets disposed of	59,490
Cash consideration	(85,000)
Gain on disposal of subsidiaries recognised as deemed contribution from the shareholders	25,510
Analysis of inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	
Cash consideration received during the year ended 31 December 2015	85,000
Cash and cash equivalents disposed of	(15,031)
	69,969

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of debt, which includes bank borrowings and amounts due to related companies, net of cash and cash equivalents, and equity attributable to owner of the Company, comprising share/paid-in capital, retained earnings and other reserves.

The management of the Group reviews the capital structure from time to time. The Group considers the cost of capital and the risks associated with each class of capital and will balance its overall capital structure through the payment of dividends, the issue of new shares, new debts or the redemption of existing debts.

31. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2015 RMB'000	2014 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	202,540	222,496
Financial liabilities		
Amortised cost	418,077	259,720

31. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, amounts due from/to Shareholders, amounts due from/to related companies, loans to third parties, restricted bank deposit, cash and cash equivalents, trade payables, other payables and bank borrowings. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

As at 31 December 2015, the Group's bank borrowing amounting to RMB19,815,000 (2014: nil) is denominated in HK$ and this foreign currency liability exposes 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.

Sensitivity analysis

The sensitivity analysis below details the Group's sensitivity to a 5% increase and decrease in RMB against HK$ as at 31 December 2015. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis includes foreign currency bank borrowing. If a 5% strengthen/weakening of the RMB against HK$, with all other variable held constant, the Group's post-tax profit for year ended 31 December 2015 would increase/decrease by approximately RMB827,000.

31. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk which arises from fixed-rate, loans to third parties and restricted bank deposit.

The Group is also exposed to cash flow interest rate risk which arises from bank borrowings and cash and cash equivalents which carry interests at prevailing market rates.

The Group has not used any interest rate swaps in order to mitigate its exposure associated with transactions relating to cash flows interest rate risk. However, the management of Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for cash and cash equivalents and bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period was outstanding for the whole year. A 10 basis point increase or decrease in interest rate on cash and cash equivalents and a 50 basis point increase or decrease in interest rate on floating rate bank borrowings are used which represent management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 10 basis points higher/lower for cash and cash equivalents and 50 basis points higher/lower for bank borrowings, with all other variables held constant, the Group's post-tax profit for the years ended 31 December 2015 and 2014 would decrease/increase by approximately RMB1,423,000 and RMB370,000 respectively.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The credit risk on liquid funds are limited because the counterparties are banks with high credit ratings and stated-owned banks with good reputation.

In the opinion of directors, the Group has no significant credit risk with any banks as the Group maintains long-term and stable business relationships with those banks. For other receivables, the Group performs an ongoing individual credit evaluation of their counterparties' financial conditions, and the management is of the opinion that the outstanding debts are recoverable. Regarding balances with related companies, the Group assesses the recoverability by reviewing their financial position and results periodically and the management considers the credit risk to be insignificant.

31. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents as well as undrawn banking facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings to ensure compliance with loan covenants.

The following tables detail the Group's remaining contractual maturities for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate %	Repayable on demand or within 3 months RMB'000	Total 3-6 months RMB'000	6 months to 1 year RMB'000	undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2015						
Trade payables	—	55,055	—	—	55,055	55,055
Other payables	—	18,207	—	—	18,207	18,207
Bank borrowings	5.45	263,540	87,125	—	350,665	344,815
		336,802	87,125	—	423,927	418,077
As at 31 December 2014						
Trade payables	—	54,059	—	—	54,059	54,059
Other payables	—	3,209	—	—	3,209	3,209
Amounts due to related companies	—	99,452	—	—	99,452	99,452
Bank borrowings	6.85	30,030	8,251	69,355	107,636	103,000
		186,750	8,251	69,355	264,356	259,720

31. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

As at 31 December 2015, the Group's bank borrowings amounting to RMB19,815,000 contain a repayment on demand clause and are included in the "repayable on demand or within 3 months" period band in the above maturity analysis. Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreement. However, in accordance with Hong Kong Interpretation 5 Presentation of Financial Statements Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause, all such bank borrowings have been classified as current liabilities. As at 31 December 2015, the aggregate principal and interest cash outflows of the Group's bank borrowings with a repayment on demand clause according to the scheduled repayment dates set out in the loan agreements will amount to RMB19,884,000. Such bank borrowings will be repaid within 1 year in accordance with the scheduled repayment dates set out in the loan agreements.

c. Fair value of financial instruments

The fair value of financial assets and financial liabilities at amortised cost is determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The directors of the Company consider the carrying amounts of financial assets and financial liabilities recorded at amortised cost in consolidated financial statements approximate their fair value.

32. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follow:

	2015 RMB'000	2014 RMB'000
Within one year	1,001	1,846
In the second to fifth years inclusive	279	466
	1,280	2,312

Operating lease payments represent rental fee payable by the Group for office premises. Lease of rental premises are negotiated with fixed lease terms from 1 to 3 years.

33. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

All the related companies were under the common control of certain directors of the Company and the Shareholders.

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant transactions with the related parties during the year:

	2015 RMB'000	2014 RMB'000
Service fee paid to Shenzhou Tongfu	334	41
Purchase of flight tickets from Shenzhen Tongpiao	—	333

(b) Compensation of key management personnel

The remuneration of key management personnel which represents the directors of the Company and key executives of the Group during the year were as follows:

	2015 RMB'000	2014 RMB'000
Salaries and other short term benefits	4,464	3,136
Retirement benefit schemes contributions	254	213
	4,718	3,349

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.

(c) Guarantee

As at 31 December 2015 and 2014, the Group's unsecured bank borrowings facilities were guaranteed by Shenzhou Tongfu, Shenzhen Sinomaster, Quanqiuxing, Huang Junmou, Yang Hua, Li Xiangcheng and Huang Shaowu who were Shareholders of the Company, to the extent of RMB325,000,000 and RMB103,000,000 respectively.

34. SHARE OPTION SCHEME

On 14 December 2015, the Company conditionally adopted a share option scheme pursuant to a resolution passed by its then shareholders on 14 December 2015, for the primary purpose of providing incentives or rewards to eligible employees, non-executive directors of the Company and other selected participants.

The principal terms of which are summarised in the section headed "Statutory and General Information – F. Share Option Scheme" in Appendix IV to the Prospectus. As at 31 December 2015, no share option was granted.

35. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 31 December 2015 and 2014 were as follows:

Name of subsidiary	Date and place of incorporation/ establishment	Issued and fully paid share/ capital/ registered capital	Attributable equity interests to the Group As at 31 December		Date of this report	Principal activities
	(Note)		2014	2015		
Phone Charge Technology Limited*	19 June 2014 British Virgin Islands	HK$50,000	100%	100%	100%	Investment holding
Daily Charge HK Company Limited@	7 July 2014 Hong Kong	HK$50,000	100%	100%	100%	Investment holding
Daily Charge SZ@	30 January 2015 PRC	RMB1,000,000	N/A	100%	100%	Investment holding
Shenzhen NNK @	13 June 2006 PRC	RMB20,680,000	100%	100%	100%	Mobile top-up services

Note: Incorporated/established as limited liability company.

* The equity interest of the subsidiary is directly held by the Company.

@ The equity interests of the subsidiaries are indirectly held by the Company. Shenzhen NNK is held by Contractual Arrangement.

None of the subsidiaries had any debt securities outstanding at the end of the each reporting period or at any time during the year.

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015 RMB'000	2014 RMB'000
Non-current asset		
Investment in a subsidiary	40	40
Current assets		
Amounts due from Shareholders	—	268
Amounts due from a subsidiary	325	—
Deferred listing cost attributable to issue of shares	10,402	—
Cash and cash equivalents	2	—
	10,729	268
Current liabilities		
Other payables	14,829	19
Amounts due to a subsidiary	22,957	—
	37,786	19
Net current (liabilities) assets	(27,057)	249
Total assets less current liabilities and net (liabilities) assets	(27,017)	289
Capital and reserve		
Share capital	308	308
Accumulated losses	(27,325)	(19)
Total (deficit) equity attributable to owners of the Company	(27,017)	289

Movement in the Company's reserve

	Accumulated losses RMB'000
At 18 June 2014 (date of incorporation)	—
Loss for the period	(19)
At 31 December 2014	(19)
Loss for the year	(27,306)
At 31 December 2015	(27,325)

年年卡集團有限公司
NNK Group Limited