



NNK Group Limited 年年卡集團有限公司

Incorporated in the Cayman Islands with limited liability
Stock Code: 3773

GLOBAL OFFERING

Sole Global Coordinator,
Sole Bookrunner and Joint Lead Manager



Sole Sponsor



Joint Lead Manager



IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



NNK Group Limited 年年卡集團有限公司

(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	100,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	10,000,000 Shares (subject to re-allocation)
Number of International Offer Shares	:	90,000,000 Shares (subject to re-allocation and the Over-allotment Option)
Maximum Offer Price	:	HK\$1.76 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund on final pricing)
Nominal value	:	US\$0.01 per Share
Stock code	:	3773

*Sole Global Coordinator,
Sole Bookrunner and Joint Lead Manager*



Sole Sponsor



Joint Lead Manager



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection", has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be fixed by an agreement between our company and the Sole Global Coordinator (on behalf of the Underwriters) on the Price Determination Date which is expected to be on or about Wednesday, December 30, 2015 or such other date as may be agreed between our company and the Sole Global Coordinator (on behalf of the Underwriters), but in any event no later than Thursday, December 31, 2015. The Offer Price will not be more than HK\$1.76 per Offer Share and is expected to be not less than HK\$1.00 per Offer Share. Applicants for the Offer Shares are required to pay, on application, the maximum Offer Price of HK\$1.76 for each Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price finally determined is lower than HK\$1.76 (the maximum Offer Price). If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator (on behalf of the Underwriters) by Thursday, December 31, 2015, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The Sole Global Coordinator (on behalf of the Underwriters), with the consent of our company, may reduce the number of Offer Shares and/or the indicative Offer Price range below that as stated in this prospectus (which is HK\$1.00 to HK\$1.76 per Offer Share) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Such notice will also be available at the website of the Stock Exchange at www.hkexnews.hk and our website at www.nnk.com.hk. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure subscriptions for, the Hong Kong Offer Shares, are subject to termination by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m., on the Listing Date. Please refer to the section headed "Underwriting" for more details. It is important that you refer to that section for further details.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, including, without limitation, the risk factors set out in the section headed "Risk Factors".

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with Regulation S.

December 24, 2015

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published in English in South China Morning Post and in Chinese in Hong Kong Economic Times and on the websites of our company and the Stock Exchange.

Latest time for completing electronic applications
under **White Form eIPO** service through the
designated website **www.eipo.com.hk**⁽²⁾ 11:30 a.m. on Wednesday, December 30, 2015

Application lists open⁽³⁾ 11:45 a.m. on Wednesday, December 30, 2015

Latest time for lodging **WHITE** and **YELLOW**
Application Forms 12:00 noon on Wednesday, December 30, 2015

Latest time for completing payment of
WHITE Form eIPO applications by effecting
internet banking transfer(s) or PPS payment
transfer(s) 12:00 noon on Wednesday, December 30, 2015

Latest time for giving **electronic application instructions**
to HKSCC⁽⁴⁾ 12:00 noon on Wednesday, December 30, 2015

Application lists close⁽³⁾ 12:00 noon on Wednesday, December 30, 2015

Expected Price Determination Date⁽⁵⁾ Wednesday, December 30, 2015

(1) Announcement of the Offer Price, the level of
indication of interest in the International Offering, the
level of applications in the Hong Kong Public Offering
and the basis of allocation of the Hong Kong Offer Shares
to be published in the South China Morning Post (in English)
and the Hong Kong Economic Times (in Chinese) on or before . Wednesday, January 6, 2016

(2) Results of allocations in the Hong Kong Public Offering
(with successful applicants' identification document or
business registration numbers, where appropriate) to be
available through a variety of channels as described
in the section headed "How to Apply for Hong Kong
Offer Shares — 11. Publication of Results" from Wednesday, January 6, 2016

(3) A full announcement of the Hong Kong Public Offering
containing (1) and (2) above to be published on the
website of the Stock Exchange at **www.hkexnews.hk**
and our company's website at **www.nnk.com.hk**⁽⁶⁾ from Wednesday, January 6, 2016

EXPECTED TIMETABLE⁽¹⁾

Results of allocations in the Hong Kong Public Offering will be available at www.iporeresults.com.hk with a “search by ID” function from Wednesday, January 6, 2016

Dispatch of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before⁽⁷⁾⁽⁹⁾ Wednesday, January 6, 2016

Dispatch of refund cheques and White Form e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before⁽⁸⁾⁽⁹⁾ Wednesday, January 6, 2016

Dealings in the Shares on the Stock Exchange expected to commence on Thursday, January 7, 2016

Notes:

- (1) All dates and times refer to Hong Kong dates and times, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, December 30, 2015, the application lists will not open or close on that day. See “How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus. If the application lists do not open and close on Wednesday, December 30, 2015, the dates mentioned in this section may be affected. We will make a press announcement in such event.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS”.
- (5) The Price Determination Date is expected to be on or around Wednesday, December 30, 2015 and, in any event, on or before Thursday, December 31, 2015. If, for any reason, our company and the Sole Global Coordinator (on behalf of the Underwriters) are unable to reach an agreement on the Offer Price on or before Thursday, December 31, 2015, the Global Offering will not proceed and will lapse.
- (6) None of the website or any of the information contained on the website forms part of this prospectus.
- (7) Share certificates will only become valid at 8:00 a.m. on Thursday, January 7, 2016 provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination” has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk. If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with their terms, we will make an announcement as soon as possible.

EXPECTED TIMETABLE⁽¹⁾

- (8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number invalidate or delay encashment of the refund cheque.
- (9) Applicants who have applied on **WHITE** Application Forms or through the **White Form eIPO** service for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates (where applicable) in person from our company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, January 6, 2016 or such other date as notified by our company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques. Applicants being individuals who is eligible for personal collection must not authorize any other person to collect on their behalf. Applicants being corporations which is eligible for personal collection must attend by their authorized representatives bearing a letter of authorization from their corporation stamped with the company's chop. Both individuals and authorized representatives of corporations must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by the Application Form may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to their or the designated CCASS Participant's stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies — Personal Collection — (iv) If you apply via Electronic Application Instructions to HKSCC" for details.

Applicants who have applied through the **White Form eIPO** service and paid their application monies through a single bank account may have refund monies (if any) dispatched to that bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

Applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants' own risk, to the addresses specified in the relevant applications on or before Wednesday, January 6, 2016.

Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares — 13. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies".

The above expected timetable is a summary only. You should refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by NNK Group Limited solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering. The information contained on our website at www.nnk.com.hk does not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in our Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading specialized online transaction service provider in the mobile top-up service industry in China, according to CCID. In 2006, we became 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. According to CCID, the mobile top-up service industry in China is expected to grow from RMB849.4 billion in 2014 to RMB1,152.8 billion in 2019, representing a CAGR of 6.3%. In particular, the online mobile top-up market in China is expected to grow from RMB236.1 billion in 2014 to RMB436.0 billion in 2019, representing a CAGR of 13.1%. In addition, revenue derived from online mobile top-up channels represented approximately 27.8% of the revenue derived from all mobile top-up channels in 2014, and is expected to increase to 37.8% in 2019. CCID further projects that revenue from mobile top-up services derived from electronic banking systems operated by PRC banks will increase at approximately 11.5% each year over the following five years. We believe that our leading market position, together with our early mover advantage, well positions us to capture growth opportunities in the mobile top-up service industry in China.

We primarily engage in providing mobile top-up services to mobile users through electronic banking systems of PRC banks. We are the largest provider of mobile top-up services through electronic banking systems in China in terms of transaction volume, with a market share of 61.5% in 2014, according to CCID. As of the Latest Practicable Date, we had provided our services through the electronic banking systems of 45 PRC banks, including the Five Largest State-owned Commercial Banks and ten of the 12 Nation-wide Joint Stock Commercial Banks. In January 2015, we launched data usage top-up services. We are the first specialized data usage top-up service provider in China through electronic banking systems with services covering nation-wide networks operated by the three PRC telecommunication operators, according to CCID.

We have cultivated a large user base by providing fast, reliable and convenient online mobile top-up services to mobile users through various channels, including PRC banks, offline channels and other channels. We experienced significant growth during the Track Record Period. The number of mobile users who used our services through various channels, including electronic banking systems of PRC banks, offline channels and other channels, increased from approximately 33.6 million in 2012 to approximately 51.8 million in 2013 and approximately 82.0 million in 2014, representing a CAGR of 56.2%. The number of mobile users who used our services through various channels, including electronic banking systems of PRC banks, offline channels and other channels, increased by approximately 15.6% from approximately 63.5 million for the nine months ended September 30, 2014 to approximately 73.4 million for the nine months ended September 30, 2015. In 2012, 2013 and 2014, our 007ka Top-up Platform processed approximately 73 million, 127 million and 202 million mobile top-up requests, respectively, representing a CAGR of 66.3%, with a gross transaction value of RMB5,708.4 million, RMB9,981.5 million and RMB16,110.3 million, respectively, representing a CAGR of 68.0%. For the nine months ended September 30, 2015, our 007ka Top-up Platform processed approximately 170.4 million mobile top-up requests, representing a 17.1% increase from approximately 145.5 million mobile top-up requests for the nine months ended September 30, 2014. The gross transaction value with mobile users for the nine months ended September 30, 2015 amounted to approximately RMB14,377.9 million, representing a 25.3% increase from approximately RMB11,477.1 million for the nine months ended September 30, 2014.

During the Track Record Period, we derived revenue primarily from providing mobile top-up services to mobile users. In 2012, 2013 and 2014, revenue from mobile top-up services amounted to RMB87.4 million, RMB136.7 million and RMB223.6 million, respectively, representing a CAGR of approximately 59.9%. For the nine months ended September 30, 2015, our revenue from mobile top-up services amounted to approximately RMB182.8 million, including approximately RMB914,000 from data usage top-up services, representing a 13.0% increase from approximately RMB161.8 million for the nine months ended September 30, 2014.

SUMMARY

OUR COMPETITIVE STRENGTHS

Our principal competitive strengths include:

- Leading specialized online transaction services provider in the mobile top-up service industry in China.
- Large and fast-growing user base.
- Largest and pioneer mobile top-up service provider through electronic banking systems of PRC banks.
- A reliable, secure and scalable proprietary operating platform supported by our robust research and development capabilities.
- Devoted and experienced management team.

Please refer to “Business — Competitive Strengths” of this prospectus for further details on the strengths of our company.

STRATEGIES

Our goal is to become the largest online transaction services provider in the mobile top-up service industry in China. We plan to accomplish this goal by pursuing the following strategies:

- Enhance our cooperation with PRC banks and continue to expand our bank network.
- Expand our service offerings.
- Continue to expand our user base.
- Continue to strengthen our research and development capabilities and invest in technology.
- Pursue strategic alliances and acquisition opportunities.

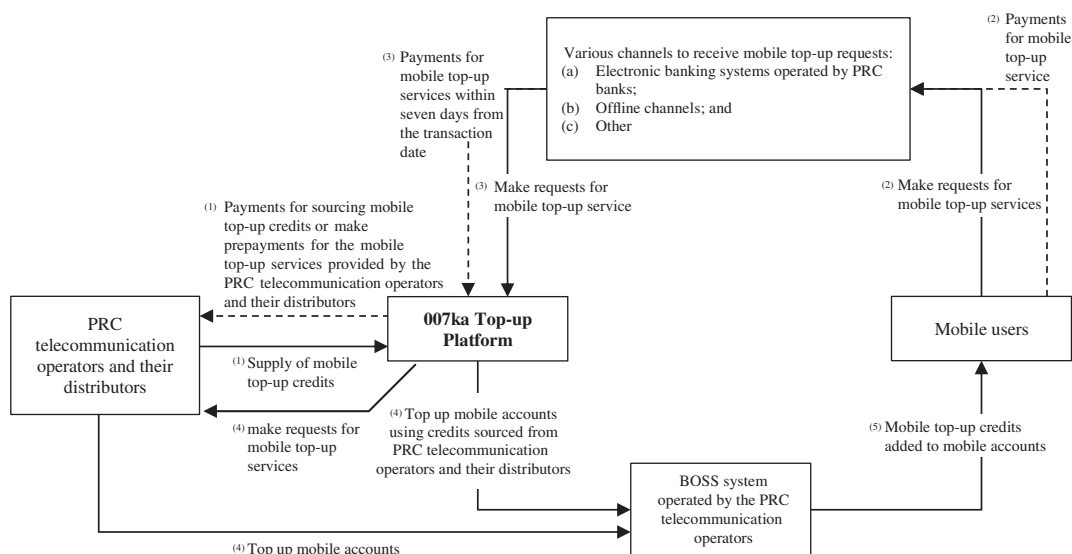
Please refer to “Business — Strategies” of this prospectus for further details on the strategies of our company.

OUR BUSINESS MODEL AND SERVICES

Our services

We primarily engage in providing mobile top-up services to mobile users. In January 2015, we launched data usage top-up services.

The following diagram illustrates the general process for our mobile top-up services:



SUMMARY

Notes:

→ denotes flow of actions and ---▶ denotes flow of monies

- (1) We source mobile top-up credits from PRC telecommunication operators and their distributors or make prepayments to the PRC telecommunication operators and their distributors;
- (2) Mobile users can request our mobile top-up services and make payments through various channels;
- (3) We receive the relevant payments from various channels within seven days from the transaction date;
- (4) Our 007ka Top-up Platform automatically tops up mobile accounts by connecting to the BOSS system operated by the PRC telecommunication operators or relays such request to the PRC telecommunication operators or their distributors in which case, the PRC telecommunication operators and their distributors will top up the relevant mobile accounts; and
- (5) Mobile top-up credits are added to the designated mobile accounts of mobile users.

Our channels to offer mobile top-up services

We primarily offer mobile top-up services through (i) electronic banking systems of PRC banks and (ii) offline channels, including convenience stores, mobile phone stores and other chains of retailers. We also offer mobile top-up services through other channels, including third-party online platforms, our self-operated websites and our Wechat public account. The table below sets forth a breakdown of our gross transaction value by channel for the years indicated.

	Year Ended December 31,						Nine months ended September 30,			
	2012		2013		2014		2014		2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except percentages)										
Electronic banking systems of PRC banks	5,145.1	90.1	9,278.8	93.0	12,923.3	80.2	9,453.6	82.4	10,913.1	75.9
Offline channels	5.7	0.1	293.4	2.9	2,748.1	17.1	1,715.1	14.9	2,620.5	18.2
Others*	557.6	9.8	409.3	4.1	438.9	2.7	308.4	2.7	844.3	5.9
Total	5,708.4	100.0	9,981.5	100.0	16,110.3	100.0	11,477.1	100.0	14,377.9	100.0

* Primarily include third-party online platforms, our self-operated website and our Wechat public account.

Our gross transaction value derived from our five largest channel partners, which are principally PRC banks, accounted for approximately 92.7%, 86.9%, 75.3% and 68.6% of our total gross transaction value for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively. Our largest channel partner, which is one of the Five Largest State-owned Commercial Banks, contributed approximately 75.8%, 69.9%, 46.9% and 34.8% of our total gross transaction value for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively. None of our directors, their associates or our shareholders who, to the knowledge of our directors, holds more than 5% of our issued share capital, had any interest in any of our five largest channel partners during the Track Record Period. Please refer to “Business — Various Channels to Offer Mobile Top-up Services” of this prospectus for additional details regarding our channels.

SUMMARY

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 users, net of cost of mobile top-up credits sourced from the PRC telecommunication operators, their distributors and other channels. Mobile top-up service income is recognized when the PRC telecommunication operators completed the mobile top-up service for the mobile users.

We assess our business relationships with users of mobile top-up services and suppliers of mobile top-up credits and determine that we are providing the mobile top-up services by facilitating transactions between the PRC telecommunication operators and mobile users, 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, we have made reference to indicators and requirements stated in HKAS 18. Determining whether we are acting as a principal or an agent requires judgment and consideration of all relevant facts and circumstances, and we consider ourselves having an agency relationship with the PRC telecommunication operators under HKAS 18 since it is the primary responsibility of the PRC telecommunication operators for processing the mobile top-up associated with the mobile top-up credits provided to the mobile users and we have minimal inventory risk and credit risk. Please refer to note 5 to the Accountants' Report in Appendix I to this prospectus for further details.

OUR CUSTOMERS

We primarily provide mobile top-up services to mobile users, who are customers of our channel partners, including PRC banks, offline channel partners and other channel partners. In other words, customers of our channel partners are our indirect customers. The number of mobile users who used our services primarily through various channels, including PRC banks, offline channels and other channels increased from approximately 33.6 million in 2012 to approximately 51.8 million in 2013 and approximately 82.0 million in 2014, representing a CAGR of 56.2%, and was approximately 73.4 million for the nine months ended September 30, 2015. During the Track Record Period, no single customer contributed 30% or more of our gross transaction value; nor did any five customers collectively contribute 30% or more of our gross transaction value.

OUR SUPPLIERS

We primarily source mobile top-up credits from PRC telecommunication operators and their distributors. In order to maintain sufficient inventory of mobile top-up credits and manage our inventory effectively, we have employed an inventory management system to monitor the real-time inventory level to ensure sufficient supply and avoid shortage or excessive inventory. Our 007ka Top-up Platform processes mobile top-up requests using mobile top-up credits stored in our platform on a first-in-first-out basis.

For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, our cost of sourcing mobile top-up credits from the PRC telecommunication operators accounted for 16.9%, 16.4%, 24.5% and 30.2% of our total sourcing cost, respectively, and our cost of sourcing mobile top-up credits from distributors of the PRC telecommunication operators accounted for 78.7%, 81.0%, 73.3% and 65.5% of our total sourcing cost, respectively.

In 2012, 2013 and 2014 and the nine months ended September 30, 2015, our cost of sourcing from our five largest suppliers accounted for approximately 32.8%, 38.9%, 41.8% and 41.0%, respectively, of our total sourcing cost, and our cost of sourcing from the largest supplier accounted for approximately 10.6%, 11.5%, 11.7% and 12.0% of our total sourcing cost, respectively. Save for Kuqi Investment Company Limited, one of our five largest suppliers in 2012 and a company controlled by Sinomaster Investment, none of our Directors, their associates, or our shareholders who owns more than 5% of our issued share capital, had any interest in any of our five largest suppliers during the Track Record Period.

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set out our summary consolidated financial information. We have derived the summary consolidated financial information as of and for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015 from the Accountants' Report set forth in Appendix I to this prospectus. The summary consolidated financial information should be read together with, and is qualified in its entirety by reference to, the consolidated financial information as set forth in the Accountants' Report in Appendix I to this prospectus, including the related notes, as well as the information set forth in "Financial Information" of this prospectus.

Our consolidated financial information has been prepared in accordance with HKFRSs. We derive our revenue principally from customers in the PRC, and our assets are primarily located in the PRC. No geographical segment information is presented.

Summary Consolidated Statements of Profit or Loss and Other Comprehensive Income Data

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(unaudited)	
	(RMB in thousands)				
Continuing operation*					
Revenue.....	87,408	136,711	223,553	161,840	182,820
Less: Tax surcharge	(1,763)	(2,601)	(5,143)	(3,978)	(3,802)
Cost of revenue.....	<u>(36,925)</u>	<u>(63,957)</u>	<u>(105,901)</u>	<u>(78,192)</u>	<u>(85,879)</u>
Gross profit	48,720	70,153	112,509	79,670	93,139
Profit before tax	25,587	34,212	59,444	39,469	43,703
Profit for the year/period from continuing operation	<u>24,561</u>	<u>30,239</u>	<u>54,503</u>	<u>34,177</u>	<u>36,478</u>
Profit (loss) for the year/period from continuing operation attributable to					
- owners of our company	24,565	30,257	54,520	34,194	36,478
- non-controlling interests	<u>(4)</u>	<u>(18)</u>	<u>(17)</u>	<u>(17)</u>	<u>—</u>
Discontinued operation**					
Loss for the year/period from discontinued operation	<u>(3,319)</u>	<u>(10,381)</u>	<u>(26,065)</u>	<u>(20,072)</u>	<u>—</u>
Profit and total comprehensive income for the year/period.....	<u>21,242</u>	<u>19,858</u>	<u>28,438</u>	<u>14,105</u>	<u>36,478</u>

* Revenue from our continuing operation represents the net service income received or receivable from the provision of mobile top-up services we provide to our customers.

** Discontinued operation consisted of third-party online payment services provided by Shenzhou Tongfu. See note 13 to the Accountants' Report included as Appendix I to this prospectus.

SUMMARY

Summary Consolidated Statements of Financial Position Data

	As of December 31,			As of September 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Non-current assets	6,131	14,641	14,642	13,533
Current assets	198,328	360,642	394,581	568,228
Current liabilities	148,628	296,140	307,249	444,467
Non-current liability	1,687	5,044	3,983	2,825
Total equity	54,144	74,099	97,991	134,469

Summary Consolidated Statements of Cash Flow Data

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(RMB in thousands)				
Net cash (used in) from operating activities	(23,826)	(41,566)	98,375	6,351	(98,246)
Net cash used in investing activities	(20,991)	(36,669)	(104,284)	(7,295)	(1,224)
Net cash (used in) from financing activities	64,185	99,985	(23,116)	6,315	109,891
Cash and cash equivalents at the beginning of the year/period	9,176	28,544	50,294	50,294	21,269
Cash and cash equivalents at the end of the year/period	28,544	50,294	21,269	55,665	31,690

Key Financial Ratios

	Year ended December 31,			Nine months ended September 30,
	2012	2013	2014	2015
Profitability ratios				
Revenue growth	—	56.4%	63.5%	13.0%
Net profit growth	—	23.1%	80.2%	6.7%
Gross profit margin	55.7%	51.3%	50.3%	50.9%
Net profit margin	28.1%	22.1%	24.4%	20.0%
Return on equity	45.4%	40.8%	55.6%	N/A
Return on total assets	12.0%	8.1%	13.3%	N/A

	As of December 31,			As of September 30,
	2012	2013	2014	2015
Liquidity ratios				
Current ratio	1.33	1.22	1.28	1.28
Quick ratio	0.66	0.64	0.82	0.71
Capital adequacy ratios				
Gearing ratio	2.42	3.24	2.37	2.62
Interest coverage ratio	5.38	4.64	5.90	5.32

For further information relating to the key financial ratios, please refer to “Financial Information — Key Financial Ratios” of this prospectus.

SUMMARY

OFFERING STATISTICS⁽¹⁾

	<u>Based on an Offer Price of HK\$1.00</u>	<u>Based on an Offer Price of HK\$1.76</u>
Market capitalization of our Shares ⁽²⁾	HK\$400 million	HK\$704 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽³⁾	HK\$0.57	HK\$0.76

Notes:

- (1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.
- (2) The calculation of market capitalization is based on 400,000,000 Shares expected to be issued and outstanding following the Global Offering.
- (3) The pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in Appendix II to this prospectus and on the basis of 400,000,000 Shares in issue at the respective Offer Prices of HK\$1.00 and HK\$1.76 per Share.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options under the Share Option Scheme), Fun Charge Technology, Happy Charge Technology, Cool Charge Technology and Enjoy Charge Technology will be interested in approximately 23.6%, 15.8%, 14.0% and 6.6% of the issued share capital of our company, respectively. Each of Fun Charge Technology, Happy Charge Technology, Cool Charge Technology and Enjoy Charge Technology is a company with limited liability incorporated in the BVI and is wholly-owned by Huang Junmou, Yang Hua, Li Xiangcheng and Xu Xinhua, respectively. Huang Junmou, Yang Hua, Li Xiangcheng and Xu Xinhua have been acting in concert within the meaning of the Takeovers Code and will continue to act in concert with each other in the decision-making of each member of our Group. Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua, Fun Charge Technology, Happy Charge Technology, Cool Charge Technology and Enjoy Charge Technology are our Controlling Shareholders within the meaning of the Listing Rules. None of our Controlling Shareholders were engaged or interested in any business which, directly or indirectly, competes or is likely to compete with our Group's business. Our Directors expect that our Group is capable of carrying on its business independently without undue reliance on the Controlling Shareholders.

Please refer to the section headed "Relationship with Controlling Shareholders" in this prospectus for further details of our Controlling Shareholders. The Controlling Shareholders are subject to a six-month lock-up period following the completion of the Global Offering with respect to their holding of the Shares and the requirement to maintain a controlling ownership in our company for an additional six-month period following the expiration of such lock-up period.

CONTRACTUAL ARRANGEMENTS

We are primarily engaged in providing mobile top-up services and are considered to be engaged in the provision of value-added telecommunication services. Foreign investment in value-added telecommunication services in the PRC is subject to significant restrictions under applicable PRC laws and regulations. Please refer to the section headed "Regulations" in this prospectus for further details. Shenzhen NNK is the operating entity within our Group which holds the licenses and regulatory approvals that are essential to our business operations in China. In order to achieve our business purposes and in line with common practice in industries in the PRC that are subject to foreign investment restrictions, we have adopted the Contractual Arrangements to maintain and exercise control over the operations of Shenzhen NNK. The Contractual Arrangements allow us to obtain the

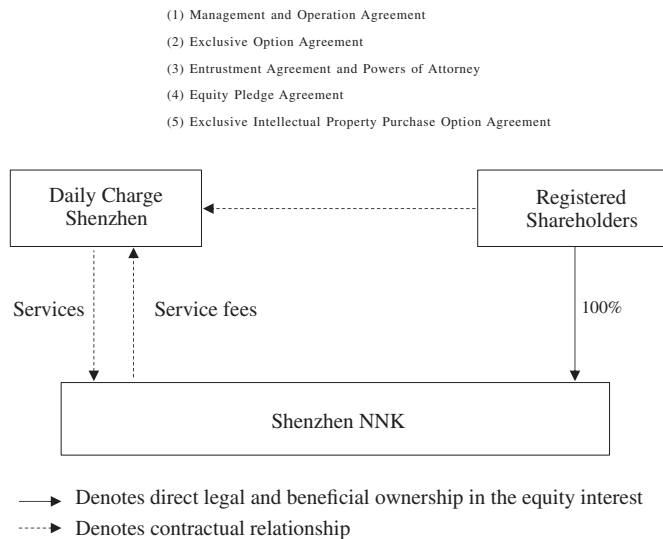
SUMMARY

economic benefits of Shenzhen NNK and consolidate its financial position and results of operations into our financial position and results of operations under HKFRSs as if Shenzhen NNK was directly owned by our Group during the Track Record Period. Please refer to the section headed “History, Reorganization and Corporate Structure — Contractual Arrangements” in this prospectus for further details.

On January 19, 2015, MOFCOM published the Foreign Investment Law of the PRC (Draft for Comment) (《中華人民共和國外國投資法(草案徵求意見稿)》) (the “Draft Foreign Investment Law”) for public comment, which contains changes to the PRC foreign investment legal regime and the treatment of the contractual structure. The Contractual Arrangements adopted by us may be subject to the Draft Foreign Investment Law after it comes into effect. Please refer to the section headed “History, Reorganization and Corporate Structure — Contractual Arrangements — The Draft Foreign Investment Law” in this prospectus for further details.

As described in “History, Reorganization and Corporate Structure — Contractual Arrangements”, our PRC Legal Advisor has advised us that the Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements are valid, binding and enforceable and will not result in any violation of PRC laws or regulations currently in effect. However, there can be no assurance that the PRC regulatory authorities, in particular, the MIIT, the MOFCOM and the PRC courts or arbitration panels will ultimately take a view that is consistent with the opinion of our PRC Legal Advisor. The relevant PRC regulatory authorities may impose various sanctions that could have a material adverse impact on our business, prospects, financial condition and results of operations. Please refer to the section headed “Risk Factors — Risks Relating to Our Contractual Arrangements” in this prospectus for details of risks relating to the Contractual Arrangements.

The following simplified diagram illustrates the flow of economic benefits from Shenzhen NNK to our Group under the Contractual Arrangements:



DIVIDEND POLICY

For the years ended December 31, 2012 and 2013, we did not pay or declare any dividend to our shareholders. For the year ended December 31, 2014, Shenzhen NNK declared dividends of approximately RMB30 million, which was paid in March 2015. For the nine months ended September 30, 2015, we did not declare any dividend to our shareholders. There is no assurance that dividends of any amount will be declared or distributed in any year. Please refer to “Financial Information — Dividend Policy” for further details regarding our dividend policy.

SUMMARY

USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering (after deducting underwriting commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised), assuming an Offer Price of HK\$1.38, being the mid-point of the indicative Offer Price range, will be approximately HK\$78.7 million. We intend to apply such net proceeds in the following manner:

- approximately 20%, or HK\$15.7 million, will be used to enhance our brand's recognition by our channel partners including PRC banks, offline channels and third party online platforms, by means of intensifying our internet marketing campaigns and online advertisements, expanding our PRC bank coverage and developing end-user based smart phone applications;
- approximately 20%, or HK\$15.7 million, will be used to upgrade our hardware and network infrastructure including data center facilities and data processing servers, network security solutions, bandwidth expansion and disaster recovery systems, in an effort to optimize our network operating environment;
- approximately 15%, or HK\$11.8 million, will be used for our software and research and development activities, including revamping and upgrading our 007ka Top-up Platform, acquiring specialized software, and recruiting additional experienced research and development staff;
- approximately 20%, or HK\$15.7 million, will be used to source mobile top-up credits to meet our customers' increased demand for our top-up services;
- approximately 15%, or HK\$11.8 million, will be used for potential acquisitions of businesses and assets that are complementary to our business and operations, such as online service and/or such other internet related businesses, or forming strategic alliance with value chain partners. As of the Latest Practicable Date, we had not identified any specific target of acquisitions or strategic alliance; and
- approximately 10%, or HK\$8.0 million, will be used for general working capital and other general corporate purposes.

For details, please refer to "Future Plans and Use of Proceeds" of this prospectus.

RISK FACTORS

There are a number of risks involved in our operations and in connection with the Global Offering, many of which are beyond our control. These risks can be categorized into (i) risks relating to our business, (ii) risks relating to our industry, (iii) risks relating to our Contractual Arrangements, (iv) risks relating to the PRC and (v) risks relating to the Global Offering. Some of the key risks include:

- Our business depends on our ability to establish and maintain collaborations with PRC banks.
- We depend on PRC telecommunication operators and their distributors to source mobile top-up credits; any deterioration or termination of our relationship with these PRC telecommunication operators or their distributors may result in severe disruptions to our business operations and the loss of revenue.
- We may be adversely affected by changes in policies of the PRC telecommunication operators.
- Any defects or disruptions affecting our platform or outages of network infrastructure could materially and adversely affect our business.
- We may not be able to maintain our profit margin in the future given the discount to mobile top-up credits offered by the PRC telecommunication operators and their distributors may decline.

SUMMARY

- If the PRC government finds that the agreements that establish the structure for operating our China business do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.
- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership and our PRC Operating Entity or its shareholders may fail to perform their obligations under our Contractual Arrangements.

For further information relating to these and other risks relating to an investment in our Shares, please refer to the section headed “Risk Factors” of this prospectus.

NON-COMPLIANCE

During the Track Record Period, we had contributed to the employee social insurance schemes and housing provident fund based on minimum wages in Shenzhen and seniority of employees, whereas under the applicable PRC laws and regulations such contribution should instead be calculated based on the actual wages of employees. Further, during the Track Record Period, we extended loans to related companies and a third-party enterprise, which were not in compliance with the General Lending Provisions promulgated by the PBOC. In addition, we did not register certain of our leased properties as required by PRC law. Please refer to the sections headed “Business — Legal Proceedings and Regulatory Compliance — Non-compliance” of this prospectus for further details.

LISTING EXPENSES

We estimate that the total estimated listing expenses (including underwriting commissions) incurred in relation to the Global Offering is approximately RMB49.5 million (assuming the Over-allotment Option is not exercised). For the year ended December 31, 2014 and the nine months ended September 30, 2015, we recognized approximately RMB7.3 million and RMB13.7 million, respectively, of the listing expenses. We estimate that additional listing expenses (including underwriting commissions) of approximately RMB9.9 million will be charged to our consolidated statements of profit or loss and other comprehensive income for the year ending December 31, 2015. The balance of approximately RMB18.6 million is expected to be deducted from our share premium account upon listing. These listing expenses are mainly comprised of professional fees paid and fees payable to the Sole Sponsor, legal advisors and other professional parties for their services rendered in relation to the Listing and the Global Offering.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

In January 2015, we launched data usage top-up services. We are the first specialized data usage service provider through electronic banking systems in the PRC with services covering nation-wide networks operated by the three PRC telecommunication operators. We plan to further expand our data usage top-up services as part of our core service offerings, to attract new users and diversify our revenue sources. We believe that our early-mover advantage, reliable, secure and scalable platform, and leading position as a mobile top-up service provider through electronic banking systems well position us to capture growth opportunities for data usage top-up services in China.

Save for the above, our business model, revenue structure and cost structure remained unchanged since September 30, 2015. Our business maintains a stable growth and is in line with our historical record.

Our Directors confirm that, as of the Latest Practicable Date, there had been no material adverse change in our financial or trading position or prospects since September 30, 2015, being the date of our latest audited financial statements, and up to the date of the prospectus, and there had been no industry, market or regulatory development or other events since September 30, 2015 and up to the date of this prospectus that would materially affect the information in the Accountants’ Report set forth in Appendix I to this prospectus.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this prospectus. Certain other terms are explained in “Glossary” in this prospectus.

“Application Form(s)”	WHITE, YELLOW and GREEN application form(s) or, where the context so requires, any of them to be used in connection with the Hong Kong Public Offering
“Articles” or “Articles of Association”	the articles of association of our company conditionally adopted on December 14, 2015 which shall become effective on the Listing Date and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	our board of Directors
“business day”	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open to the public for normal business
“BVI”	the British Virgin Islands
“Capitalization Issue”	the issue of 295,000,000 Shares to be made upon capitalization of the share premium account of our company as referred to in the section headed “Statutory and General Information — Further Information about our Group — Written Resolutions of Shareholders” in Appendix IV to this prospectus
“Cayman Companies Law” or “Companies Law”	the Companies Law (2013 Revision) of the Cayman Islands, Cap. 22 (Law 3 of 1961) as amended, supplemented or otherwise modified from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

DEFINITIONS

“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CCID”	CCID Consulting Co., Ltd., an independent industry research consulting firm based in China
“China” or “the PRC”	the People’s Republic of China, which for the purpose of this prospectus and for geographical reference only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“China Charge Technology”	China Charge Technology Limited, a company incorporated under the laws of BVI with limited liability on June 17, 2014 and wholly owned by Huang Shaowu, which will directly hold approximately 15.0% of the issued share capital of our company following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme)
“Circular 37”	the Circular on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Offshore Investment and Financing and Round Trip Investment via Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), which was promulgated by SAFE and took effect from July 4, 2014
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contractual Arrangements”	a series of contractual arrangements entered into among Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders (as applicable), details of which are described in the section headed “History, Reorganization and Corporate Structure — Contractual Arrangements” in this prospectus

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, in the context of this prospectus, means the controlling shareholders of our company, namely Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua, Fun Charge Technology, Happy Charge Technology, Cool Charge Technology and Enjoy Charge Technology
“Cool Charge Technology”	Cool Charge Technology Limited, a company incorporated under the laws of the BVI with limited liability on June 17, 2014 and wholly owned by Li Xiangcheng, which will directly hold approximately 14.0% of the issued share capital of our company following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme) and is a Controlling Shareholder of our company
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Daily Charge HK”	Daily Charge HK Company Limited (天天充科技(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability on July 7, 2014 and our indirect wholly-owned subsidiary through Phone Charge Technology
“Daily Charge Shenzhen”	Daily Charge Technology (Shenzhen) Co., Ltd.* (天天充科技(深圳)有限公司), a company established under the laws of the PRC with limited liability on January 30, 2015 and our WFOE wholly-owned by Daily Charge HK
“Daizhong”	Shenzhen Daizhong Network Technology Co., Ltd.* (深圳市戴眾網絡科技有限公司), a company established under the laws of the PRC with limited liability on March 8, 2013 and is owned as to 39% and 61% by Huang Junmou and Yang Hua, respectively
“Deed of Indemnity”	the deed of indemnity dated September 23, 2015 entered into by the Controlling Shareholders in favor of our company, a summary of which is set out in the section headed “Statutory and General Information — Other Information — Deed of Indemnity” in Appendix IV to this prospectus
“Deed of Non-Competition”	the deed of non-competition dated September 23, 2015 entered into by the Controlling Shareholders in favor of our company, a summary of the principal terms of which is set out in the section headed “Relationship with Controlling Shareholders” in this prospectus

DEFINITIONS

“Director(s)”	the director(s) of our company
“Draft Foreign Investment Law”	Foreign Investment Law of the PRC (Draft for Comment) (《中華人民共和國外國投資法(草案徵求意見稿)》) published by MOFCOM in January 2015
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
“Enjoy Charge Technology”	Enjoy Charge Technology Limited, a company incorporated under the laws of the BVI with limited liability on June 17, 2014 and wholly owned by Xu Xinhua, which will directly hold approximately 6.6% of the issued share capital of our company following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme) and is a Controlling Shareholder of our company
“Five Largest State-owned Commercial Banks”	(i) Agricultural Bank of China; (ii) Bank of China; (iii) Bank of Communications; (iv) China Construction Bank; and (v) Industrial and Commercial Bank of China, if the context requires, including their respective predecessors
“Founders”	collectively, Huang Junmou and Yang Hua
“Fun Charge Technology”	Fun Charge Technology Limited, a company incorporated under the laws of the BVI with limited liability on June 17, 2014 and wholly owned by Huang Junmou, which will directly hold approximately 23.6% of the issued share capital of our company following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme) and is a Controlling Shareholder of our company
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Global Star”	Shenzhen Global Star Investment Management Co., Ltd.* (深圳市全球星投資管理有限公司), a company established under the laws of the PRC on January 26, 2000 and controlled by Shenzhen Huaxiafeng Investment Co., Ltd.* (深圳市華夏風投資有限公司), which is in turn controlled by Huang Shaowu

DEFINITIONS

“Green Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group” or “our Group”	our company, its subsidiaries and the PRC Operating Entity (the financial results of which have been consolidated and accounted for as our subsidiary by virtue of the Contractual Arrangements) or, where the context so requires, in respect of the period before our company became the holding company of our current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be) and the PRC Operating Entity
“Happy Charge Technology”	Happy Charge Technology Limited, a company incorporated under the laws of BVI with limited liability on June 17, 2014 and wholly owned by Yang Hua, which will hold approximately 15.8% of the issued share capital of our company following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme) and is a Controlling Shareholder of our company
“HKASs”	Hong Kong Accounting Standards
“HKD”, “HK\$”, “Hong Kong dollars” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Offer Shares”	the 10,000,000 Shares initially offered by our company for subscription pursuant to the Hong Kong Public Offering (subject to re-allocation as described in the section headed “Structure of the Global Offering” in this prospectus)

DEFINITIONS

“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on the terms and conditions described in this prospectus and the Application Forms
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering named in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated December 23, 2015 relating to the Hong Kong Public Offering and entered into among our company, the Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner and the Hong Kong Underwriters as further described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering” in this prospectus
“Huang Junmou”	Mr. Huang Junmou (黃俊謀), an executive Director and a Controlling Shareholder of our company and an ultimate beneficial owner as to 23.6% of the issued share capital of our company following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme) through his wholly-owned company, Fun Charge Technology
“Huang Shaowu”	Mr. Huang Shaowu (黃紹武), a substantial shareholder of our company and an ultimate beneficial owner as to 15% of the issued share capital of our company following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme) through his wholly-owned company, China Charge Technology
“Independent Non-executive Director”	an independent non-executive Director of our company
“Independent Third Party(ies)”	an individual(s) or a company(ies) who/which is/are not connected person(s) of our company within the meaning of the Listing Rules

DEFINITIONS

“International Offer Shares”	the 90,000,000 Shares being initially offered by us for subscription at the Offer Price pursuant to the International Offering, subject to re-allocation and the Over-allotment Option as described in the section headed “Structure of the Global Offering” of this prospectus
“International Offering”	the conditional placing by the International Underwriters of the International Offer Shares at the Offer Price in accordance with Regulation S, to selected professional, institutional and private investors as set forth in the section headed “Structure of the Global Offering” of this prospectus
“International Underwriters”	the underwriters of the International Offering, who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering expected to be entered into on or about the Price Determination Date by our company, the Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, and the International Underwriters, as further described in the paragraph headed “Underwriting — International Offering” in this prospectus
“Joint Lead Managers”	China International Capital Corporation Hong Kong Securities Limited and Quam Securities Company Limited
“Latest Practicable Date”	December 18, 2015, being the latest practicable date prior to the issuance of this prospectus for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Li Xiangcheng”	Mr. Li Xiangcheng (李享成), a non-executive Director and a Controlling Shareholder of our company and an ultimate beneficial owner as to 14.0% of the issued share capital of our company following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme), through his wholly-owned company, Cool Charge Technology
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange

DEFINITIONS

“Listing Date”	the date, expected to be on or around January 7, 2016, on which the Shares are listed and from which dealings in the Shares are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our company (as amended from time to time), conditionally adopted on December 14, 2015, which will become effective upon the Listing Date, a summary of which is set out in Appendix III to this prospectus
“MIIT”	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部) or its competent local branches
“Nation-wide Joint Stock Commercial Banks”	China Bohai Bank, China Everbright Bank, China Merchants Bank, China Minsheng Banking Corporation, China Zheshang Bank, China CITIC Bank, Evergrowing Bank, China Guangfa Bank, Hua Xia Bank, Industrial Bank, Shanghai Pudong Development Bank and Ping An Bank
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) or its competent local branches
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) which will be not more than HK\$1.76 and is expected to be not less than HK\$1.00, such price to be determined in the manner as further described in the paragraph headed “Pricing and allocation” under the section headed “Structure of the Global Offering” of this prospectus
“Offer Shares”	the International Offer Shares and the Hong Kong Offer Shares

DEFINITIONS

“our company”, “our”, “we” or “us”	NNK Group Limited (年年卡集團有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on June 18, 2014, and where the context requires, includes all of its subsidiaries, PRC Operating Entity or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries and PRC Operating Entity was engaged in and which was subsequently assumed by it
“Over-allotment Option”	the option expected to be granted by our company to the International Underwriters, exercisable by the Sole Global Coordinator under the International Underwriting Agreement, to require our company, at any time within a period commencing from the Listing Date until the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to allot and issue up to an aggregate of 15,000,000 additional Shares, representing 15% of the Offer Shares initially being offered under the Global Offering, on the same terms as those applicable to the Global Offering, to cover over-allocations in the International Offering, details of which are further described in the section headed “Structure of the Global Offering — Over-allotment Option” of this prospectus
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of China
“PBOC Rate”	the exchange rate for foreign exchange transactions set daily by the PBOC based on the China interbank foreign exchange market rate of the previous day and with reference to current exchange rates on the world financial markets
“Phone Charge Technology”	Phone Charge Technology Limited, a company incorporated under the laws of BVI with limited liability on June 19, 2014 and our wholly-owned subsidiary
“PRC” or “China” or “State”	the People’s Republic of China which, for the purpose of this prospectus, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), which was enacted by the Standing Committee of the Eighth National People’s Congress on December 29, 1993 and became effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“PRC Legal Advisor”	King & Wood Mallesons, legal advisor to our company as to the PRC laws
“PRC Operating Entity”	Shenzhen NNK, the financial results of which have been consolidated and accounted for as a subsidiary of our company by virtue of the Contractual Arrangements
“Price Determination Agreement”	the agreement to be entered between the Sole Global Coordinator (on behalf of the Underwriters) and our company on the Price Determination Date to fix and record the Offer Price
“Price Determination Date”	the date, expected to be on or about December 30, 2015, or such later date as the Sole Global Coordinator (on behalf of the Underwriters) and our company may agree, on which the Offer Price will be fixed for the purposes of the Global Offering
“Principal Share Registrar”	Maples Fund Services (Cayman) Limited
“Registered Shareholders”	Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua and Huang Shaowu
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganization”	the corporate reorganization of the Group in preparation for the Listing, details of which are set out in the section “History, Reorganization and Corporate Structure — Our Reorganization” of this prospectus
“RMB” or “Renminbi”	the lawful currency of the PRC
“Ronghai”	Guangzhou Ronghai Electronics Technology Co., Ltd.* (廣州市融海電子科技有限公司), a company established under the laws of the PRC on April 23, 2009 as a wholly-owned subsidiary of Shenzhen NNK, our PRC Operating Entity. Ronghai was deregistered on August 1, 2014
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAFE Circular 19”	Circular on Reform of Administration Approach for the Settlement of Foreign Exchange Capital Funds of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), which was promulgated by SAFE on March 30, 2015

DEFINITIONS

“SAIC”	the State Administration for Industry & Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SCIA”	South China International Economic and Trade Arbitration Commission (華南國際經濟貿易仲裁委員會)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share Option Scheme”	the share option scheme conditionally adopted by our company on December 14, 2015, the principal terms of which are summarized in the section headed “Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) with a nominal value of US\$0.01 each in the capital of our company
“Shenzhen NNK”	Shenzhen Niannianka Network Technology Co., Ltd.* (深圳市年年卡網絡科技有限公司), a company established under the laws of the PRC with limited liability on June 13, 2006 and our PRC Operating Entity
“Shenzhen Tongfu”	Shenzhen Shenzhen Tongfu Technology Co., Ltd.* (深圳市神州通付科技有限公司), a company established under the laws of the PRC with limited liability on June 10, 2011 and owned as to 90.5% by Sinomaster Investment and owned as to 9.5% by our Controlling Shareholders, namely, 3.7% by Huang Junmou, 3.7% by Yang Hua, 1.4% by Li Xiangcheng and 0.7% by Xu Xinhua
“Shenzhen Tonghao”	Shenzhen Shenzhen Tonghao Network Technology Co., Ltd.* (深圳市神州通好網絡科技有限公司), a company established under the laws of the PRC with limited liability on April 3, 2013 and owned as to 40% by Daizhong, 12% by Sinomaster Investment and owned as to 48% by our Controlling Shareholders, namely, 18.9% by Huang Junmou, 12.6% by Yang Hua, 11.2% by Li Xiangcheng and 5.28% by Xu Xinhua

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“Shenzhou Tongpiao”	Shenzhen Shenzhou Tongpiao Technology Co., Ltd.* (深圳市神州通票科技有限公司), a company incorporated under the laws of the PRC with limited liability on April 26, 2012 and owned as to 66.5% by Shenzhou Tonghao and 33.5% by Mr. Zhang Lantian (張藍天), an Independent Third Party
“Sinomaster Investment”	Shenzhen Sinomaster Investment Group Co., Ltd.* (深圳市神州通投資集團有限公司), a company established under the laws of the PRC with limited liability on January 15, 2001 and controlled by Huang Shaowu
“Sole Bookrunner”	China International Capital Corporation Hong Kong Securities Limited
“Sole Global Coordinator”	China International Capital Corporation Hong Kong Securities Limited
“Sole Sponsor”	Quam Capital Limited, a corporation licenced by the SFC to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the sole sponsor of the Listing
“Stabilizing Manager”	China International Capital Corporation Hong Kong Securities Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Buy-backs
“Te La”	Shenzhen Te La Technology Co., Ltd.* (深圳市特拉科技有限公司), a company established under the laws of the PRC on June 25, 2010 which was owned (prior to its deregistration on September 1, 2014) as to 65% by Shenzhen NNK, our PRC Operating Entity, 25% by Mr. Deng Raozheng (鄧藹政) and 10% by Ms. Huang Si'e (黃四娥), both of whom are Independent Third Parties
“Track Record Period”	the period comprising the financial years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015

DEFINITIONS

“Trading Day”	means a day on which the Stock Exchange is open for the business of dealing in securities
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“US\$” or “US dollars”	United States dollars, the lawful currency of United States
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“VIE”	variable interest entity
“WFOE”	wholly foreign-owned enterprise
“White Form eIPO Service”	the application for Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Xu Xinhua”	Mr. Xu Xinhua (許新華), a non-executive Director and a Controlling Shareholder of our company and an ultimate beneficial owner as to 6.6% of the issued share capital of our company following completion of the Capitalization Issue and Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme) through his wholly-owned company, Enjoy Charge Technology
“Yang Hua”	Mr. Yang Hua (楊華), a non-executive Director and a Controlling Shareholder of our company and an ultimate beneficial owner as to 15.8% of the issued share capital of our company following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme) through his wholly-owned company, Happy Charge Technology

DEFINITIONS

All dates and times in this prospectus refer to Hong Kong time unless otherwise stated.

No representation is made that any amounts in RMB, HK\$ and US\$ can be or could have been converted at the relevant dates at the above rates or any other rates or at all.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments and, accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

The English translation of company names in Chinese or another language which are marked with “” and the Chinese translation of company names in English which are marked with “*” are for identification purposes only. Translated English names of Chinese natural persons, legal persons, governmental authorities, institutions, PRC-incorporated companies or other entities or any descriptions for which no English translation exists are unofficial translations for identification purposes only.*

GLOSSARY

This glossary of technical terms contains explanations of certain terms, definitions and abbreviations used in this prospectus in connection with the Group and its business. As such, these terms and their meanings may not correspond to standard industry meaning or usage of these terms.

“access code”	the code in the form of serial numbers printed on a mobile top-up card for identification purpose
“Alipay” (支付寶)	a third-party payment platform which supports payment with Internet banking services of PRC banks
“ARPU”	average revenue per user
“ATM”	automated teller machine
“average daily users”	the average number of mobile users who top up their mobile accounts per day, calculated by the number of users in a year divided by the number of calendar days in the relevant year
“BOSS system”	Business & Operation Support System operated by PRC telecommunication operators that are free of charge and could be used by anyone to top up his own or any other mobile accounts. The mobile top-up systems will process requests for mobile top-up and add mobile top-up credits to the relevant mobile accounts
“B2C”	transactions that occur from a company to a consumer
“CAGR”	compound annual growth rate
“C2C”	electronic commerce that involves the electronically facilitated transactions between consumers through some third parties
“e-commerce” or “electronic commerce”	the use of the Internet to transmit business information and transact commercial activities
“electronic banking systems”	systems operated by financial institutions which could be used by their customers to conduct transactions online
“GDP”	gross domestic product
“ICP”	Internet content provider
“Internet”	a global network of interconnected, separately administered public and private computer networks that use the Transmission Control Protocol/Internet Protocol for communications

GLOSSARY

“IP address”	Internet Protocol address, a numerical label assigned to each device (e.g. computer) participating in a computer network that uses the Internet Protocol for communication, including but not limited to the Internet
“IT”	information technology, the development, installation, and implementation of computer systems and applications
“mobile account”	the account of a mobile user maintained by PRC telecommunication operators for the storage of mobile top-up credits. A mobile subscription account could be identified with the assigned mobile phone number
“mobile top-up card”	a card with an access code and a password which contains a fixed amount of mobile top-up credits used for payment of mobile phone related services. It is generally issued by PRC telecommunication operators and sold to the public by their distributors. Mobile top-up cards can be in physical or virtual form. Physical cards are usually in the form of a plastic card or paper slip containing access codes and passwords and are available for purchase in convenience stores, supermarkets and other retail stores. Virtual cards could be purchased over the Internet and are just provided in the form of access codes and passwords
“mobile top-up credits”	credits having monetary value and are stored or added to mobile accounts for use of mobile phone related services in the PRC. Mobile top-up credits are normally distributed by PRC telecommunication operators or their distributors in the form of credits bearing passwords in varying amounts printed on mobile top-up cards or in digital format through various channels
“mobile top-up services”	services provided by mobile top-up service providers to top-up mobile accounts of their customers through the use of the mobile top-up systems
“mobile users”	mobile accounts registered with PRC telecommunication operators to use mobile related service
“O2O”	online-to-offline
“platform”	a computing environment which allows the development and execution of computer applications

GLOSSARY

“PRC telecommunication operators”	telecommunication operators approved by the Ministry of Industry and Information Technology of China to operate in the class one basic telecommunication business (as categorized in the Telecommunication Industry Classification Catalogue (《電信業務分類目錄》) issued by the Ministry of Industry and Information Technology of the PRC in 2003) in China and their subsidiaries, including the three PRC telecommunication operators, which are China Mobile Communications Corporation, or China Mobile, China Telecommunications Corporation, or China Telecom, and China United Telecommunications Corporation, or China Unicom
“SIM”	subscriber identification module, an integrated circuit that securely stores a mobile user’s identity
“top up”	restore or add value
“webpage”	a file notated with HyperText Markup Language that can be displayed by web browsers over the Internet
“%”	per cent
“007ka Top-up Platform”	the top-up platform operated by our company
“3G”	3rd generation mobile telecommunications, a generation of standards for mobile phones and mobile telecommunication services
“4G”	4th generation mobile communications, a generation of standard for wireless communication of high-speed data for mobile phones and data terminals.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risks described in the section headed “Risk Factors” in this prospectus. These forward-looking statements include, without limitation, words and expressions such as “aim”, “expect”, “believe”, “plan”, “intend”, “estimate”, “project”, “seek”, “anticipate”, “going forward”, “ought to”, “may”, “will”, “should”, “would” and “could” or similar expressions, words or statements or the negative thereof, in particular, in the sections headed “Business” and “Financial Information” in this prospectus in relation to future events, including our strategies, plans, objectives, goals, targets, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets, as well as the national and global economy.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to known and unknown risks, uncertainties, assumptions and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Important factors that could materially affect our actual results, performance or achievements include the risk factors described in the section headed “Risk Factors” and elsewhere in this prospectus, and the following:

- our business prospects and future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals;
- advance in technology;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- customer preference and availability of replacement products;
- our ability to reduce costs;
- exchange rate fluctuations;
- the performance of global financial markets, including changes in our ability to access the capital markets and changes in the level of interest rates;
- availability and costs of bank loans and other forms of financing;
- our liquidity and financial conditions;

FORWARD-LOOKING STATEMENTS

- our relationship with, and other conditions affecting, our suppliers and customers;
- catastrophic losses from fires, floods, windstorms, earthquakes, diseases or other adverse weather conditions or natural disasters;
- currency exchange restrictions; and
- our dividend policy.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

In this prospectus, statements of, or references to, our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

RISK FACTORS

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the Offer Shares. Our business, financial condition, results of operations or prospects could be materially and adversely affected by any of these risks and uncertainties. The market price of the Offer Shares could significantly decrease due to any of these risks and uncertainties, and you may lose all or part of your investment. You should pay particular attention to the fact that we are a company incorporated in the Cayman Islands and substantially all of our operations are conducted in the PRC, which is governed by a legal and regulatory regime that may differ significantly from that of other jurisdictions. For more information concerning the Cayman Islands, the PRC and certain related matters discussed below, please see “Regulations”, “Appendix III — Summary of the Constitution of our company and Cayman Companies Law” and “Appendix IV — Statutory and General Information.”

RISKS RELATING TO OUR BUSINESS

Our business depends on our ability to establish and maintain collaborations with PRC banks.

Our business depends on establishing and maintaining relationships with PRC banks. We anticipate that we will continue to depend on the PRC banks in order to grow our business. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, the gross transaction value attributable to mobile top-up services provided through electronic banking systems of the PRC banks accounted for approximately 90.1%, 93.0%, 80.2%, 82.4% and 75.9%, respectively, of our total gross transaction value. Our transaction value attributable to mobile top-up services provided through our largest bank partner accounted for approximately 75.8%, 69.9%, 46.9% and 34.8% of our total gross transaction value for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively. Our transaction value attributable to top-up services provided through our five largest bank partners amounted to approximately 92.7%, 86.9%, 75.3% and 68.6% of our total gross transaction value for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively. As of the Latest Practicable Date, we were the mobile top-up service provider to customers of 45 PRC banks. However, our agreements with the PRC banks are generally non-exclusive and do not prohibit them from working with our competitors. If the PRC banks, in particular, our five largest PRC bank partners, discontinue their contractual relationships with us or collaborate with our competitors, our ability to grow our business may be materially and adversely affected. In addition, it is essential for us to pursue business relationships with additional PRC banks to continue to grow our mobile user base. Our failure to enter into business relationships with additional PRC banks in a timely manner or on favorable terms may impair our ability to continually expand our business.

We depend on PRC telecommunication operators and their distributors to source mobile top-up credits; any deterioration or termination of our relationship with these PRC telecommunication operators or their distributors may result in severe disruptions to our business operations and the loss of revenue.

We primarily purchase mobile top-up credits from the three PRC telecommunication operators and their distributors. Our agreements with these PRC telecommunication operators and their distributors usually have a term of one year and not all of agreements contain automatic renewal

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provisions. We usually renew these agreements or enter into new ones when the prior agreements expire, but on occasion the renewals or new contracts can be delayed for periods of one month or more. Also, if the PRC telecommunication operators use other distributors, seek direct cooperation with PRC banks or expand their own top-up services, our market share will significantly decrease, which will materially and adversely affect our business or even render us no longer profitable.

Due to our reliance on the PRC telecommunication operators and their distributors to source mobile top-up credits, any deterioration or determination of our relationships with them may result in severe disruptions to our business operations, loss of our revenues and a material and adverse effect on our financial condition and results of operations.

We may be adversely affected by changes in policies of the PRC telecommunication operators.

Our ability to grow our business depends, in part, upon policies of the PRC telecommunication operators. The PRC telecommunication operators offer mobile top-up services directly to mobile users through various channels including autopay arrangements with banks, payments at their branches and payments through their self-service terminals. They also engage third-party distributors, such as convenient stores, newsstands and agency branches, to distribute mobile top-up cards and provide mobile top-up services to mobile users. See “Industry Overview — The PRC Mobile Top-up Market — Mobile top-up service channels.” In recent years, the PRC telecommunication operators have been expanding their online top-up channels. 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, our results of operations may be materially and adversely affected.

Any defects or disruptions affecting our platform or outages of network infrastructure could materially and adversely affect our business.

The satisfactory performance, reliability, security and availability of our proprietary 007ka Top-up Platform and network infrastructure are crucial to our success. All of our mobile top-up services are processed through our 007ka Top-up Platform. Therefore, any defects or disruptions of our platform may cause significant harm to our reputation and our ability to attract and retain users and provide high-quality customer services. As of the Latest Practicable Date, our server network consisted of 408 owned servers hosted in 20 locations in the PRC. We rely on third-party data center service providers for certain key aspects of our platform and network infrastructure, including to provide server hosting space with stable power supply, IP addresses, broadband Internet connection facilities and firewall monitoring, server security testing and optimization services that can meet our requirements. The data center service providers are also responsible for the technical consulting and supporting services. We may experience network disruptions or failures due to various factors, including:

- our business growth will place increasing demand on our servers and peak traffic handling capacities as we increase the size of our user base, and we may incur substantial expenses to expand our network infrastructure to accommodate the increased traffic;

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- we may encounter problems when upgrading and improving our platforms, or new technologies or infrastructures may not be fully integrated with the existing systems on a timely basis, or at all, which could adversely affect the performance of our platform to provide our services;
- some of our authorized personnel may inadvertently or maliciously cause damages to our system during daily operation;
- we may be subject to hacking, electronic break-ins, unauthorized access to or other attacks on our platform and network infrastructure, causing loss or corruption of data or malfunctions of software or hardware;
- third parties providing server hosting space to us may encounter similar network disruptions or technology failures in surrendering their services, which situations are beyond our control and may be difficult to remedy; and
- our network infrastructure could be damaged or interrupted as a result of earthquakes, floods, fires, extreme temperatures, power loss, telecommunications failures, technical error, computer viruses and similar events.

Any network interruption, virus or other inadequacy that causes disruptions of our 007ka Top-up Platform or deterioration in the quality of access to our platform could reduce customer satisfaction and damage our reputation, which could in turn materially and adversely affect our business.

We may not be able to maintain our profit margin in the future given the discount to mobile top-up credits offered by the PRC telecommunication operators and their distributors may decline.

Our profit margin is affected by a number of factors, including but not limited to, the discount rate we receive from the PRC telecommunication operators and their distributors on the mobile top-up credits we sourced, therefore, depending upon the policies of the PRC telecommunication operators and their distributors and the demand and supply of mobile top-up credits in the market. We generally provide mobile top-up services at face value with mobile top-up credits we purchase primarily from the PRC telecommunication operators and their distributors. When we purchase mobile top-up credits from the PRC telecommunication operators and their distributors, we are usually offered a discount to the face value of the mobile top-up credits. However the PRC telecommunication operators and their distributors may adjust the discount rate at their sole discretion during the term of our cooperation. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, we recorded an average discount of approximately 1.5%, 1.4%, 1.4%, 1.4% and 1.3%, respectively, to the face value of the mobile top-up credits. However, we cannot assure you that we can secure the same discount rates in the future and that our profit margin may be affected by the decline in the discounts offered by these partners in the future.

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We may be adversely affected by the changes in the rate of commission fees charged by the PRC banks.

We provide our mobile top-up services primarily through electronic banking systems operated by PRC banks. We grant the PRC banks access to our 007ka Top-up Platform, enabling the PRC banks to relay mobile top-up requests they receive from their customers to us. The PRC banks charged us commission fees, generally ranging from 0.30% to 0.85% of the transaction value of each mobile top-up transaction we processed during the Track Record Period. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, the gross transaction value attributable to top-up services we provided through electronic banking systems of PRC banks amounted to approximately RMB5,145.1 million, RMB9,278.8 million, RMB12,923.3 million, RMB9,453.6 million and RMB10,913.1 million, representing approximately 90.1%, 93.0%, 80.2%, 82.4% and 75.9% of our total transaction value with mobile users, respectively. In addition, changes in the rate of commission fees charged by the PRC banks have significant impact on our cost of revenue and gross profit margin. Our ability to maintain and enhance our business relationships with the PRC banks and our ability to expand our bank network significantly affect our business and results of operations.

We operate in a capital intensive industry and require significant amount of working capital to fund our operations. If we cannot obtain sufficient working capital, our business, financial condition and prospects may be materially and adversely affected.

The operation of our mobile top-up service requires significant upfront capital expenditures and continuous investments in technology and infrastructures. In addition, we need substantial cash to purchase top-up credits primarily from the PRC telecommunication operators and their distributors for our business operations. During the Track Record Period, we financed our operations primarily through cash generated from our operating activities, bank borrowings and loans from our then Shareholders. Upon completion of the Global Offering and with our expected net proceeds from the Global Offering, we believe that we will have sufficient working capital to meet our anticipated cash needs for the foreseeable future. However, in order to implement our development strategies, we may have additional capital requirements in the future. The need for additional capital may be intensified if the banks stop their funding to us in the future. We may seek to obtain a credit facility or sell additional equity or debt securities. Our ability to obtain additional financing in the future, however, is subject to a number of uncertainties, including:

- our future business development, financial condition and results of operations;
- general market financing activities by companies in our industry; and
- macroeconomic, political and other conditions in the PRC and elsewhere.

Additional funding from debt financings may make it more difficult for us to operate our business because we would need to make interest payments on the indebtedness and may be obligated to abide by restrictive covenants contained in the debt financing agreements, which may, among other things, limit our ability to make business and operational decisions and pay dividends. Furthermore,

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equity financing may have a dilutive effect on our Shareholders. If we cannot obtain sufficient capital to meet our capital expenditure or operational needs on favorable terms, or at all, we may not be able to implement our growth strategies, and our business, financial condition and prospects may be materially and adversely affected.

Our failure to maintain high-quality customer service could harm our reputation or loss of customers, which would materially and adversely affect our results of operations.

We believe that our focus on customer services is critical to enhancing our relationship with our PRC banks, other channels and our customers; such focus is also critical to ensuring and maintaining customer satisfaction. As a result, we have dedicated our efforts in the training of our customer support and call center customer service representatives. If we fail to consistently provide high-quality customer service, the PRC banks, other channels and our customers may be less inclined to use our 007ka Top-up Platform or recommend our platform to other potential users. Unsatisfactory customer service can disrupt our operations, adversely affect the user experience, cause our users to stop using our 007ka Top-up Platform, and damage our reputation, any of which could materially and adversely affect our results of operations.

Our failure to anticipate or successfully implement new technologies could render 007ka Top-up Platform uncompetitive, and reduce our revenue and market share.

We provide mobile top-up services through our proprietary 007ka Top-up Platform. Our platform and related technologies are critical to our success. The mobile top-up service industry is subject to rapid technological advances. We need to anticipate the emergence of new technologies and assess their market acceptance. We also need to invest certain financial resources in research and development to keep pace with technological advances in order to keep our technologies, services and development capabilities competitive in the market. However, research and development activities are inherently uncertain, and our expenditures on research and development may not generate corresponding benefits. Given the fast pace with which the mobile top-up technology has been and will continue to be developed, we may not be able to timely improve our 007ka Top-up Platform and related technologies in an efficient and cost-effective manner, or at all. New technologies in our industry could render the technologies and services that we are developing or expect to develop in the future uncompetitive, thereby potentially resulting in a decline in our revenue and market share.

If we fail to successfully implement our strategies and effectively manage our growth, our business and results of operations could be harmed.

Our ability to successfully implement our strategies depends on a number of factors, including our ability to deliver superior user experience, raise additional capital on acceptable terms, maintain and enhance cooperation with our partners such as PRC banks, PRC telecommunication operators and their distributors, online platform operators and e-commerce platform operators and some other factors beyond our control. We cannot assure you that our strategies will materialize, or will materialize within the planned time frame, or that our objectives will be fully or partially accomplished.

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In addition, we experienced rapid growth during the Track Record Period. Our growth strategy presents numerous managerial, administrative and operational challenges. For example, we need to continuously improve our operational and financial systems, procedures and controls, and expand, train, manage our employees. In addition, we maintained and expanded our relationships with a growing number of users and business partners during the Track Record Period. We cannot assure you that our management can effectively manage our anticipated growth and implement our strategies, which could have a material adverse effect on our business and results of operations.

Our business depends on our senior management team. If we lose their services, our business may be adversely affected.

Our success has been depending and will continue to heavily depend on efforts of our devoted and experienced senior management team, in particular, the senior management named in this prospectus, that possesses intensive knowledge and deep understanding of the mobile top-up service industry in the PRC. As competition in the mobile top-up service industry intensifies, it may be increasingly difficult for us to hire, motivate and retain highly skilled personnel. We do not carry key-man life insurance on any of our personnel. If we lose services of one or more senior management or key employees, we may not be able to fill the vacancies with suitable candidates in a timely manner, or at all, and we may incur additional expenses to recruit and train new personnel. Our business and growth strategies could then be severely disrupted, and our financial condition and results of operations could be adversely affected. If any of our senior management or key employees joins a competitor or forms a competing company, we may lose cooperative relationships with our existing business partners. Each of our senior management has entered into employment agreements which contains confidentiality and non-compete undertakings with us. However, if any dispute arises between our senior management and us, we cannot assure you that we would be able to enforce these non-compete provisions in the PRC, where these executive officers reside.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our copyrights, trademarks, domain names, software copyrights, and similar intellectual property as critical to our success, and we rely on a combination of copyright and trademark registration, domain name registrations, as well as employee and third party confidentiality agreements to protect our intellectual property rights. As at the Latest Practicable Date, we had registered 31 domain names, including www.007ka.com and www.nnk.com.hk, two trademark and 10 software copyright registrations in the PRC and two trademarks in Hong Kong related to our business.

In addition, it is often difficult to register, maintain and enforce intellectual property rights in the PRC. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in the PRC.

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Policing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the infringement or misappropriation of our intellectual property. From time to time, we may need to resort to litigation or other proceedings to enforce our intellectual property rights, which could result in substantial cost and diversion of resources and the invalidation or narrowing of the scope of our intellectual property. We can provide no assurance that we will prevail in such litigation or proceedings, and even if we do prevail, we may not obtain a meaningful recovery. Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We may be exposed to intellectual property infringement and other claims by third parties that, if successful, could disrupt our business and materially and adversely affect our financial condition and results of operations.

Our success depends, to a large extent, on our ability to use and develop our technology and know-how without infringing third-party intellectual property rights. We may face, from time to time, allegations that we have infringed trademarks, copyrights and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair competition against our competitors. As we face increasing competition and sometimes have to take defensive measures in response to competitive pressure and as litigation becomes more common in the PRC, we face a higher risk of being the subject of intellectual property infringement and unfair competition claims.

The defense of intellectual property and unfair competition claims and litigation can be costly and time consuming and may significantly divert efforts and resources of our technical and management personnel. Furthermore, an adverse determination in any such litigation or proceedings to which we may become a party could cause us to pay damages, seek licenses from intellectual property owners, pay ongoing royalties, redesign our platform or become subject to injunctions, each of which could materially and adversely affect our business, financial condition and prospects.

Non-compliance of third parties with whom we conduct business could disrupt our business and adversely affect our results of operations.

Our third-party business partners, including online platform operators and e-commerce platform operators, may be subject to regulatory penalties or punishments because of their regulatory compliance failures, which may disrupt our business. Although we conduct a rigid review of legal formalities and certifications before entering into contractual relationship with these partners, we cannot be certain whether such third party has or will infringe any third parties' legal rights or violate any regulatory requirements. We require our partners to provide their licenses, permits or other qualification documents before entering into cooperation arrangements with them, but we cannot assure you that such partners will continue to maintain all applicable permits and approvals. Any legal liabilities of, or regulatory actions against, our business partners may affect our business activities and reputation and, in turn, our results of operations.

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If we do not successfully promote, maintain and enhance the awareness of our brand, our results of operations and financial condition could be harmed.

We believe that maintaining and enhancing our brand and reputation is critical to the success of our business. We believe that our “007ka” brand is recognized in the PRC mobile top-up industry. Increasing awareness of our brand and maintaining and enhancing our brand’s association with high quality services is of particular importance to our relationships with our existing partners and to our ability to attract new partners. The successful promotion of our “007ka” brand and increased recognition of our brand’s association with high quality services depend on a number of factors, including our marketing efforts, our ability to continue develop new technologies, and our ability to deliver satisfactory customer services. If our 007ka Top-up Platform is no longer perceived as high quality, we may not succeed in building brand recognition and brand loyalty. It may also be difficult for us to maintain and enhance our relationships with our partners.

In addition, the promotion of our brand may require us to make substantial expenditures, and we anticipate that such expenditures may increase as our market becomes more competitive. To the extent that these activities yield increased revenue, such increased revenue may not offset the increased expenses we incur. If we do not successfully maintain and enhance our brand, our business may not grow. In addition, we may have reduced pricing power relative to competitors, and we could lose customers or fail to attract potential customers. All these would adversely affect our business, results of operations, and financial condition.

Future strategic alliances or acquisitions may not be successful and may have a material and adverse effect on our business, reputation and results of operations.

We intend to pursue selected strategic alliance and acquisition opportunities. We will consider acquisitions of businesses and assets that are complementary to our business. These transactions could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by third parties and increased expenses in integrating new businesses and personnel, any of which may materially and adversely affect our business, reputation and results of operations. We may fail to select appropriate acquisition targets, negotiate acceptable terms or integrate the acquired businesses and their personnel into our own. Likewise, we may have limited ability to monitor or control actions of our strategic partners and, to the extent any such strategic partner suffers negative publicity or harm to its reputation from events relating to its own business, we may also suffer negative publicity or harm to our reputation by association.

In addition, if we are presented with appropriate opportunities, we may acquire additional assets, technologies or businesses that are complementary to our existing business. Future acquisitions and the subsequent integration of new assets and businesses into our own could require significant management attention and could result in a diversion of resources away from our existing business, which in turn could have an adverse effect on our business operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, increased leverage, potentially dilutive issuances of equity securities, goodwill

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impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. The cost and duration of integrating newly acquired businesses could also materially exceed our expectations. Any such negative developments could have a material adverse effect on our business, financial condition and results of operations.

We collect, process, store and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, and our actual or perceived failure to comply with such obligations could harm our business.

We receive, store and process our customers' proprietary data, including their personal or identifying information. There are various laws in the PRC regarding privacy and the storing, sharing, use, processing, disclosure and protection of personal information and other user data on the Internet and mobile platforms. The PRC Constitution, the PRC Criminal Law and the General Principles of the PRC Civil Law protect individual privacy in general. In particular, Amendment 7 to the PRC Criminal Law prohibits institutions, companies and their employees in the telecommunications and other industries from selling or otherwise illegally disclosing a citizen's personal information obtained during the course of performing duties or providing services or obtaining such information through theft or other illegal ways. Our internal policy also requires our employees to protect the personal information of our customers. While we believe we are in compliance with the applicable PRC laws and regulations and our policy on personal information and data protection, it is possible that we may be deemed to be in violation of relevant laws and regulations. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to users or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other user data, may result in governmental enforcement actions, litigation, criminal sanction or public statements against us by consumer advocacy groups or others and could cause our users to lose trust in us, which could have a material adverse effect on our business. Additionally, if third parties we work with, such as PRC banks, the PRC telecommunication operators or our existing business partners, violate applicable laws or our policies, or if such third parties are involved in privacy infringement due to malicious actions of their users, such violations or involvement may also put our users' information at risk and could in turn have a material adverse effect on our business.

Our lack of insurance could expose us to significant costs and business disruption.

We do not maintain business liability or interruption insurance or key-man insurance. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. In addition, we do not maintain any insurance policies covering risks including loss and theft of and damages to our equipment or facilities other than for our motor vehicles. Any business disruption or litigation, or any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in substantial costs and may divert our resources and therefore could adversely affect our financial conditions and results of operations.

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We may be subject to certain non-compliance issues in relation to inadequate contributions to social insurance and housing provident funds as required by PRC regulations for our employees.

During the Track Record Period, we contributed to the employee social insurance schemes and housing provident funds for all of our employees based on the minimum wages in Shenzhen and the seniority of employees, whereas under the applicable PRC laws and regulations such contribution should instead be calculated based on actual wages of the employees. The aggregate amount of the difference in social insurance contribution based on the actual wages of employees during the Track Record Period was approximately RMB2.6 million, respectively, and the aggregate amount of the difference in housing provident fund contribution based on the employees' actual wages during the Track Record Period was approximately RMB1.1 million, respectively. We have started to make social insurance and housing provident fund contributions for our employees since April 2015 in full compliance with applicable PRC laws and regulations. Our PRC Legal Advisor has advised that the relevant PRC authorities may notify us that we are required to pay the outstanding contributions within a stipulated deadline and (i) in respect of any outstanding social insurance contributions that accumulated prior to July 1, 2011, where payment is not made prior to such deadline, we may be liable to a penalty equal to 0.2% of the outstanding amount calculated daily from the date the relevant insurance funds became payable; and (ii) in respect of any outstanding social insurance contributions that accumulated after July 1, 2011, we may be liable to a penalty equal to 0.05% of the outstanding amount calculated daily from the date the relevant insurance funds became payable and, if we fail to make such payments in arrears, we may be subject to a fine of one to three times the outstanding contribution amount. In addition, our PRC Legal Advisor has further advised us that the relevant housing provident fund authorities may request us to pay the outstanding housing provident fund contribution within a prescribed time limit and if we fail to do so, the relevant housing provident fund authorities may apply for an order for payment from the relevant PRC court.

We may be subject to penalties from the PBOC or adverse judicial rulings as a result of advancing funds to related companies and extending loans to a third-party enterprise during the Track Record Period.

During the Track Record Period, we advanced funds to certain related companies and made loans to a third-party enterprise (the "Loan"), which were not compliant with PRC laws and regulations. The advances to the related companies were unsecured, interest-free and repayable upon demand. As of December 31, 2012, 2013 and 2014 and September 30, 2015, the outstanding balance of the amounts due from the related companies was approximately RMB9.7 million, RMB25.7 million, RMB132.3 million and RMB136.3 million, respectively, and the outstanding balance of the Loan was approximately nil, RMB0.5 million, RMB0.5 million and nil, respectively.

According to the General Lending Provisions (《貸款通則》) promulgated by the PBOC in 1996 (the "General Lending Provisions"), the PBOC may impose fines equivalent to one to five times of the income generated (being interests charged) from loan advancing activities between enterprises. As advised by our PRC Legal Advisor, according to the General Lending Provisions formulated by the

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People's Bank of China, we may be subject to a fine in an amount up to five times of the income derived from our advances to related companies and the Loan. The total interest income derived from the Loan during the Track Record Period amounted to approximately RMB62,000, and we may face a total fine for our breach of the Lending General Provisions of up to approximately RMB310,000. As of the Latest Practicable Date, the amount due from related companies and the full principal amount and interest on the Loan had been repaid and we had not received any notice of claim or penalty in relation to the relevant loan agreements. Save as disclosed herein, we have not made any other similar loans to third parties or advances to related companies and we do not intend to make such loans or advances in the future.

As advised by our PRC Legal Advisor, under the circumstances, (i) the possibility that the PBOC imposes a penalty on us in respect of the advances to related companies and extending the Loan is remote and (ii) the possibility that we would be subject to proceedings in respect of the advances to related companies and extending the Loan is remote. However, we cannot assure you that we will not be subject to penalties from the PBOC or an adverse judicial rulings in the future.

Some of our leased properties have defective titles and we may be required to cease occupation and use of such leased properties if there is a valid claim for them.

As of the Latest Practicable Date, we leased 20 properties with a total gross floor area of approximately 3,564.5 square meters for office space, canteen and dormitory purposes in the PRC. As of the Latest Practicable Date, lessors of 16 properties, representing approximately 86% of the total gross floor areas we leased, had not been able to provide title certificates to their properties. If our lessors are not the owners of the properties or they have not obtained consents from the owners or their lessors or permits from the relevant government authorities, our leases could be invalidated. If this occurs, we may have to renegotiate the leases with the owners or the parties who have the right to lease the properties, and the terms of the new leases may be less favorable to us.

As of the Latest Practicable Date, we are not aware of any claims or actions being contemplated or initiated by government authorities, property owners or any other third parties with respect to our leasehold interests in or use of such properties. However, we cannot assure you that our use of such leased properties will not be challenged. In the event that our use of properties is successfully challenged, we may be forced to relocate the affected operations. In addition, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Some of our lease agreements have not been registered with the relevant PRC authorities and we might be subject to administrative fines.

As of the Latest Practicable Date, we had not completed registration of the lease agreements relating to 15 properties we leased from Independent Third Parties. These properties had an aggregate floor area of approximately 1,546 square meters representing approximately 43.4% of the total gross floor area. Our PRC Legal Advisor has advised us that according to the Administrative

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Measures for the Leasing of Commodity Housing (《商品房屋租賃管理辦法》), if a company fails to register the leases within 30 days after it enters into the lease agreements, the relevant local authority is entitled to order the company to do so within a prescribed time limit. If the company fails to do so within such prescribed time limit, a maximum fine of RMB10,000 will be imposed on each non-registration.

According to applicable PRC administrative regulations, lessors of the related leases need to provide us with certain documents (such as their business licenses or identification information) in order to complete the registration. There can be no assurance that the lessors of our leased properties will be cooperative in the process of completing the registration. If we fail to complete the registration within a period required by the relevant governmental authorities, we may be subject to administrative fines.

We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases.

Our business could be adversely affected by natural disasters or outbreaks of epidemics. These natural disasters, outbreaks of contagious diseases and other widespread health crisis in the PRC or any other major market in which we do business are beyond our control and could severely disrupt our business operations by damaging our network infrastructure or information technology system, restricting our ability to market our services or impacting the productivity of our workforce, which may adversely affect our financial condition and results of operations.

RISKS RELATING TO OUR INDUSTRY

We face intense competition, which could reduce our market share and materially and adversely affect our results of operations and growth prospects.

The mobile top-up service industry is highly competitive. We compete principally with other mobile top-up service providers. We may also compete with local branches of the three leading PRC telecommunication operators which may cooperate with the PRC banks directly instead of with specialized mobile top-up service providers, like us. In addition, the PRC telecommunication operators offer various top-up services directly to mobile users through various channels, including autopay arrangements with banks, payments at their branches and payments through their self-service terminals. They also engage third-party distributors, such as convenient stores, newsstands and agency branches, to provide mobile top-up services to mobile users. Various e-commerce platforms, such as Taobao, Wechat and JD.com, have also begun to provide mobile top-up services recently. See “Industry Overview — The PRC Mobile Top-up Market — Mobile top-up service channels.”

Our current or future competitors may have greater brand recognition, pricing advantage and greater financial, marketing and other resources than we do, which may offer them an advantage in developing and operating mobile top-up platforms, conducting marketing and promotional activities and hiring talent in the industry. In addition, some of our competitors may be able to source mobile top-up credits from the PRC telecommunication operators and their distributors on more favorable terms. If we fail to compete effectively, we may lose PRC banks and our channels or our mobile users

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may shift from using electronic banking systems operated by PRC banks to other channels such as online non-banking top-up channels (e.g. Wechat) provided by other mobile top-up service providers, our market share may decrease and our business, financial condition and prospect will be materially and adversely affected.

Uncertainties relating to the mobile top-up channels in the PRC may adversely affect our business and results of operations.

We have generated substantial revenue from mobile top-up services provided through electronic banking systems operated by PRC banks since our inception. We expect that our future results of operations will continue to depend on numerous factors affecting the development of this channel, which may be beyond our control, including 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 our failure to respond to industry trends and customer requirements, may adversely affect our business and results of operations.

Our business is dependent on the performance of the PRC mobile telecommunication industry, the prospect of which may vary from time to time.

Our business is sensitive to the consumer spending on mobile telecommunication services. Although the PRC telecommunication industry has experienced rapid growth in recent years, we cannot assure you that it will continue to grow at a similar rate in the future. Development of the PRC telecommunication industry could be negatively affected by factors such as unfavorable government policies and changes of consumer preferences which may decrease spending on mobile telecommunication services. Our close relationships with the PRC telecommunication operators could render us susceptible to the uncertainty associated with the PRC telecommunication industry. If the PRC telecommunication industry does not develop as we anticipated, our business may be harmed and we may need to adjust our growth strategy and our results of operation may be adversely affected.

Our results of operations may be adversely affected by the development of the e-commerce industry in the PRC.

We currently provide mobile top-up services and data usage top-up services through certain e-commerce platforms. Our future results of operations will be affected by the increased use and acceptance of the e-commerce industry in the PRC. If the mobile Internet market fails to be proven as an effective commercial medium in the PRC or if use and acceptance of the e-commerce do not increase as expected, the use or attractiveness of our platform may be adversely affected and our ability to grow our business would be impeded.

We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of Internet-related businesses and companies.

The PRC government extensively regulates the Internet industry, including foreign ownership of, and licensing and permit requirements pertaining to, companies in the Internet industry. These Internet related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations.

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The Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》), issued by the MIIT in July 2006, prohibits domestic telecommunication service providers from leasing, transferring or selling telecommunications business operating licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of a telecommunications business in the PRC. According to this circular, either the holder of a value-added telecommunication services operation permit or its shareholders must directly own the domain names and trademarks used by such license holders in their provision of value added telecommunication services. The circular also requires each license holder to have necessary facilities, including servers, for its approved business operations and to maintain such facilities in the regions covered by its license. If an ICP license holder fails to comply with the requirements or fails to remedy such non-compliance within a specified period of time, the MIIT or its local counterparts have the discretion to take administrative measures against such license holder, including revoking its ICP license. Currently, our PRC Operating Entity holds an ICP license and operates our 007ka Top-up Platform. Our PRC Operating Entity also owns the relevant domain names and trademarks in connection with our value-added telecommunications business and has the necessary personnel to operate our platform.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the Internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, Internet businesses in the PRC, including our business. During the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits, qualifications, authorizations and approvals material to our current business operations. However we cannot assure you that we will be able to maintain our existing licenses or obtain new ones.

Regulation and censorship of information disseminated over the Internet in the PRC may adversely affect our business, and we may be liable for content displayed on, retrieved from or linked to our websites or transmitted by means of our services.

China has enacted laws and regulations governing Internet access and the distribution of products, services, news, information, audio-video programs and other content through the Internet. In the past, the PRC government has prohibited the distribution of information through the Internet that it deems to be in violation of PRC laws and regulations. If any information displayed on our websites were deemed by the PRC government to violate any content restrictions, we would not be able to continue to display such content and could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of required licenses, which could materially and adversely affect our business, financial condition and results of operations. We may also be subject to potential liability for any unlawful actions of users of our website or for content we distribute that is deemed inappropriate. In addition, it is unclear from the relevant legislation what steps we are required to take in order to ensure that prohibited content is not posted on or transmitted by means of our websites or services. Thus, it may be difficult to determine the type of content that may result in liability to us, and if we are found to be liable, we may be prevented from operating our website in the PRC.

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RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

If the PRC government finds that the agreements that establish the structure for operating our China business do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

We are a Cayman Islands company and our wholly-owned PRC subsidiary, Daily Charge Shenzhen, is considered as a WFOE. In order to comply with the foreign ownership restrictions, we operate our business in the PRC through our PRC Operating Entity, which are contractually controlled by Daily Charge Shenzhen. In addition, the WFOE is not able to apply for the licenses required to provide mobile top-up services or data usage top-up services in the PRC. Therefore, neither our company nor Daily Charge Shenzhen is permitted to hold a license to provide mobile top-up services or data usage top-up services in the PRC. Our PRC Operating Entity holds the licenses and permits that are required to operate our business. As a result of the Contractual Arrangements among Daily Charge Shenzhen, our PRC Operating Entity and its shareholders, Daily Charge Shenzhen is considered the primary beneficiary of our PRC Operating Entity and we consolidate the results of operations of our PRC Operating Entity in our financial statements.

On July 13, 2006, the MIIT issued the Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) (the “MIIT Notice”), which reiterated restrictions on foreign investment in telecommunications businesses. Under the MIIT Notice, a domestic company that holds an ICP license is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors to provide ICP services illegally in the PRC. Currently, our PRC Operating Entity owns all the domain names and trademarks that we use in our value-added telecommunication services. Due to a lack of interpretations from the authorities, we cannot assure you that the MIIT will not consider our corporate structure and contractual arrangements as a form of foreign investment in telecommunication services, in which case we may be found in violation of the MIIT Notice and as a result may be subject to various penalties, including fines and the discontinuation of or restrictions on our operations.

On December 11, 2001, the State Council promulgated Regulations for the Administration of Foreign-invested Telecommunications Enterprises (the “FITE Regulations”), which were subsequently amended on September 10, 2008. Under the FITE Regulations, unless otherwise specified by PRC laws and regulations, foreign ownership of companies that provide value-added telecommunication services, which include on-line mobile top-up services and data usage top-up services, shall not exceed 50%. On June 19, 2015, the MIIT issued the Notice on the Relaxation of the Restriction on the Foreign Ownership of Online Data Processing and Transaction Processing Business (Operational E-commerce Business) (《工業和信息化部關於放開在線數據處理與交易處理業務(經營類電子商務)外資股比限制的通告》) (the “MIIT Notice 196”), which allows 100% foreign ownership in companies conducting and only conducting operational e-commerce business. However, “operational e-commerce business” is not clearly defined in the MIIT Notice 196. On July 21, 2015, our PRC Legal Advisor conducted a telephone consultation with the MIIT. According to the consultation, “operational e-commerce business” refers to on-line material goods trading platforms, and on-line mobile top-up

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services or data usage top-up services do not fall within the scope of “operational e-commerce business”. The telephone consultation was conducted through the telephone number provided by the MIIT in its website for public consultation, and our PRC Legal Advisor is of the view that the MIIT is the competent authority to give such confirmation. In addition, a major investor among the foreign investors who invest in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (“Qualification Requirement”). Currently, none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirement. On April 10, 2015, the Sole Sponsor and our PRC Legal Advisor conducted an interview with an officer of the Shenzhen Communications Administration Bureau (深圳市通信管理局). According to the officer, (i) there is no clear guideline and provision on what constitutes “a good track record” and “experience in operating business”; and (ii) in general, if a company operates a website and conducts its business, and can provide relevant documentations and information, such company may be viewed as having experience in operating business. Our PRC Legal Advisor is of the view that the Shenzhen Communications Administration Bureau is the competent authority to give such confirmation. Despite the lack of clear guidance or interpretation on the Qualification Requirement, we intend to acquire the entire equity interest in our PRC Operating Entity when the PRC laws allow foreign investors to invest in value-added telecommunications enterprises in the PRC. We have started taking steps, and plan to take additional steps, to build up our track record of overseas telecommunications business operations in an attempt to comply with the Qualification Requirement, so as to be qualified to acquire the entire equity interest of Shenzhen NNK when the restrictions on the percentage of foreign ownership in telecommunications services and on foreign ownership in value-added telecommunication enterprises are lifted. For details of such steps taken or to be taken, please refer to the section headed “History, Reorganization and Corporate Structure — Contractual Arrangements — Introduction” in this prospectus. However, we cannot assure you that such measures are ultimately sufficient to comply with the Qualification Requirement. If the restriction on foreign ownership in companies providing value-added telecommunications services under the current PRC laws is lifted, we may be required to unwind the Contractual Arrangements before we are in a position to comply with the Qualification Requirement.

In addition, in January 2015, MOFCOM published a consultation draft of the proposed Foreign Investment Law (Draft for Comment) (《中華人民共和國外國投資法(草案徵求意見稿)》) (the “Draft Foreign Investment Law”) for public review and comments. The Notes to the Foreign Investment Law of the PRC (Draft for Comment) (《關於〈中華人民共和國外國投資法(草案徵求意見稿)〉的說明》) (the “Explanatory Notes”) was published along with the Draft Foreign Investment Law on the same date by MOFCOM. Currently, neither the Draft Foreign Investment Law nor the Explanatory Notes give accurate timeline for the draft to come into effect and to what degree the final legislation would adhere to the draft. Among other things, the Draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of “control” in determining whether a company is considered a foreign-invested enterprise. Under the Draft Foreign Investment Law, entities would be deemed as foreign-invested enterprises if they are ultimately “controlled” by foreign investors notwithstanding their equity interests being held directly by the PRC shareholders, and be subject to approval requirements and other restrictive measures if the relevant business sectors fall within the restricted or specially regulated categories. On the other hand, entities may be deemed and treated as domestic-invested enterprises if they are ultimately “controlled” by PRC investors, even if their equity interests are held directly by non-PRC shareholders. In addition, the Draft Foreign Investment Law

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also puts the contractual structure into discussion, as such contractual structure is currently adopted by many companies engaging in business subject to foreign ownership restrictions. However, the Draft Foreign Investment Law is silent on the treatment to the contractual structures adopted before the effectiveness of the Draft Foreign Investment Law. Rather, the Explanatory Notes cites three views from theoretical and practical fields about ways to deal with such contractual structures for public discussion (which is yet to be considered by legislators): (i) the foreign investment enterprise may, after making filing (申報) to the competent regulatory authority that it is under the actual control of PRC investors, keep its contractual structure and continue its operation; (ii) the foreign investment enterprise shall apply to the competent regulatory authority for the confirmation (認定) that it is under the actual control of PRC investors, and may, after getting such confirmation, keep its contractual structure and continue its operation; or (iii) the foreign investment enterprise shall apply for access permission (准入許可) for the investment with the competent regulatory authority, and such authority will, together with other relevant authorities, decide whether to grant such permission based on factors including the controlling status of such enterprise. To further clarify, in the first way, “making filing” is simply an information disclosure obligation, which means the enterprise does not have to receive any confirmation or permission from the competent authorities, while in the second and the third ways, the enterprise has to receive either the confirmation or the access permission from the competent authorities. For the latter two ways, the second way focuses on the nationality of the controller, whereas the third way might take, besides the nationality of the controller, more factors (which is not clearly defined in the Draft Foreign Investment Law and the Explanatory Note) into consideration. Actual control refers to “control” as defined under the Draft Foreign Investment Law, whether directly or indirectly. For the definition of “control”, please refer to the paragraph headed “The Draft Foreign Investment Law” under the section headed “History, Reorganization and Corporate Structure” in this prospectus.

Currently, the Draft Foreign Investment Law is an incipient and immature draft and there is no clear guidance on the impact to our Company’s operations in the event that its Contractual Arrangement is not treated as a domestic investment and its business is prohibited from foreign investment, e.g. falls into a Prohibit List of foreign investment or any list plays the role of it. It is also unclear when the Draft Foreign Investment Law will finally come into effect. In the worst scenario, the relevant regulatory authorities might declare the agreements constituting the Contractual Arrangements null and void, resulting in our Company’s losing the control over the PRC Operating Entity and failing to receive any economic benefit, including any revenue or profit, from it. Given that all of our business operations are conducted under the Contractual Arrangements, in the event that the Contractual Arrangements are declared null and void by the PRC government authorities or our mobile top-up services and data usage top-up services are ordered to be discontinued, our business may not be sustainable.

In the opinion of our PRC Legal Advisor, (i) the corporate structure of our company and Contractual Arrangements are not in violation of existing mandatory PRC laws and regulations, (ii) the Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements between Daily Charge Shenzhen, on the one hand, and our PRC Operating Entity and/or its shareholders, on the other hand, constitute legal, valid and binding obligations on the parties thereto, and will not result in any material violation of mandatory PRC laws or regulations currently in effect and (iii) the business operations of Daily Charge Shenzhen, and our PRC Operating Entity, save as described in this prospectus, are in compliance with existing PRC laws and regulations in all

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material aspects. However, our PRC Legal Advisor has also advised there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including the MIIT Circular, the FITE Regulations, the Draft Foreign Investment Law and the relevant regulatory measures concerning the mobile top-up service and data usage top-up services industry. In addition, certain reporting relating to the PRC court rulings invalidated certain contractual agreements which were considered to be entered into with the intention of circumventing foreign investment restrictions in the PRC in contravention of the PRC Contract Law and the General Principles of the PRC Civil Law. Accordingly, there can be no assurance that the PRC regulatory authorities that regulate the mobile top-up service and data usage top-up services industry, in particular, the MIIT, the MOFCOM and the PRC courts or arbitration panels will ultimately take a view that is consistent with the opinion of our PRC Legal Advisor.

The relevant PRC regulatory authorities have broad discretion in determining whether a particular contractual structure violates PRC laws and regulations. If our corporate and contractual structures were deemed by the MIIT and the MOFCOM or other competent authorities to be illegal, either in whole or in part, we may have to modify such structures to comply with regulatory requirements. We cannot assure you that we can achieve this without material disruption to our business. Further, if our corporate and contractual structure were found to be in violation of any existing or future PRC laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such violations, which may include:

- revoking the agreements constituting the Contractual Arrangements;
- revoking our PRC Operating Entity's business and operating licenses;
- imposing fines on us;
- confiscating any of our income that they deem to have been obtained through illegal operations;
- shutting down all or a portion of our networks and servers;
- discontinuing or restricting our operations in the PRC;
- imposing conditions or requirements with which we may not be able to comply;
- requiring us to modify our corporate and contractual structure;
- restricting or prohibiting our use of the proceeds from this Global Offering to finance our PRC Operating Entity's business and operations; and
- taking other regulatory or enforcement actions that could be harmful to our business.

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Furthermore, any of the assets under the name of any record holder of equity interest in our PRC Operating Entity, including such equity interest, may be put under court custody in connection with litigation, arbitration or other judicial or dispute resolution proceedings against that record holder. We cannot assure you that the equity interest will be disposed of in accordance with the Contractual Arrangements. In addition, new PRC laws, rules and regulations, e.g. the Draft Foreign Investment Law, may be introduced to impose additional requirements that may impose additional challenges to our corporate structure and Contractual Arrangements. Because our PRC Operating Entity contributed to all of our revenues for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, the occurrence of any of these events could materially and adversely affect our business, financial condition and results of operations. In addition, if the imposition of any of these penalties or requirement to restructure our corporate structure causes us to lose the rights to direct the activities of our PRC Operating Entity or our right to receive its economic benefits, we would no longer be able to consolidate the financial results of our PRC Operating Entity in our financial statements.

Our Contractual Arrangements may not be as effective in providing operational control as direct ownership and our PRC Operating Entity or its shareholders may fail to perform their obligations under our Contractual Arrangements.

Since PRC laws limit foreign equity ownership in value-added telecommunication services in the PRC, we operate our businesses through our PRC Operating Entity. We have no equity ownership interests in our PRC Operating Entity and rely on the Contractual Arrangements with our PRC Operating Entity and its shareholders to control and operate our businesses. Our PRC Operating Entity contributed all of our revenue and cash flow during the Track Record Period. The Contractual Arrangements may not be as effective as direct ownership in providing us with control over our PRC Operating Entity. Direct ownership would allow us, for example, to directly or indirectly exercise our rights as a shareholder to effect changes in the boards of directors of our PRC Operating Entity, which, in turn, could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the Contractual Arrangements, as a legal matter, if our PRC Operating Entity or its shareholders fail to perform its, his or her respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend significant resources to enforce those arrangements and resort to litigation or arbitration and rely on legal remedies under PRC laws which may be limited. These remedies may include seeking specific performance or injunctive relief and claiming damages, any of which may not be effective. For example, if the shareholders of our PRC Operating Entity were to refuse to transfer their equity interest in our PRC Operating Entity to us or our designee when we exercise the call option pursuant to the Contractual Arrangements, or if they were otherwise to act in bad faith toward us, we might have to take legal actions to compel them to perform their respective contractual obligations. Furthermore, uncertainties of the PRC legal system could impede our ability to exercise the option to acquire ownership and subject us to substantial costs. See “— Risks Relating to Our Contractual Arrangements — We conduct our business operation in the PRC through our PRC Operating Entity by way of the Contractual Arrangements, but certain terms of the Contractual Arrangements may not be enforceable under PRC law” for more details.

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We may lose the ability to use assets held by our PRC Operating Entity that are material to the operation of our business if our PRC Operating Entity declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

Our PRC Operating Entity holds assets that are important to our business operations. The Contractual Arrangements with our PRC Operating Entity contain terms that specifically provide that our PRC Operating Entity may not be voluntarily liquidated without the consent of Daily Charge Shenzhen. However, should the shareholders of our PRC Operating Entity breach this obligation and voluntarily liquidate our PRC Operating Entity or should our PRC Operating Entity declares bankruptcy, all or part of its assets may become subject to liens or rights of third-party creditors and we may be unable to continue some or all of our business operations, which could materially and adversely affect our business, financial condition and results of operations.

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that we owe additional taxes could substantially reduce our net income and the value of your investment.

According to applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to challenge by the PRC tax authorities and additional taxes and interest may be imposed. We would be subject to adverse tax consequences if the PRC tax authorities were to determine that transactions under the Contractual Arrangements between Daily Charge Shenzhen and our PRC Operating Entity were not conducted on an arm's length basis as the PRC tax authorities have the authority to make special tax adjustments to Daily Charge Shenzhen's and our PRC Operating Entity's tax positions. Moreover, in accordance with the Implementation Measures of Special Tax Adjustments (Trial Version) (Guo Shui Fa 2009 No. 2), additional corporate income tax payable as a result of a special tax adjustment made by the PRC tax authorities on or after January 1, 2008 shall be subject to an interest levy calculated on a daily basis. On March 18, 2015, the National Tax Bureau issued the Announcement on Enterprise Income Tax on Expenses Paid by Enterprises to Overseas Affiliates (Guo Shui Fa 2015 No. 16) to further reinforce the principles, requirements and the time limit for the retrospective period for the payments made by a PRC enterprise to its overseas affiliates. Our net income may be materially adversely affected if Shenzhen NNK's tax liabilities increase or if it is subject to late payment fees or other penalties.

The shareholders of our PRC Operating Entity may have conflicts of interest with us, which may materially and adversely affect our business.

We conduct all of our operations, and generate all of our revenue, through our PRC Operating Entity. Our control over our PRC Operating Entity is based upon the Contractual Arrangements with our PRC Operating Entity and its shareholders. Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua and Huang Shaowu, who are the shareholders and/or directors of our company, and shareholders of Shenzhen NNK. These shareholders may potentially have a conflict of interest with us, and they may breach their agreements with us, if they believe the Contractual Arrangements would adversely affect their own interests or if they otherwise act in bad faith. We cannot assure you that when conflicts of interest arise between us and the shareholders of our PRC Operating Entity, the shareholders of our PRC Operating Entity will act completely in our interests or that the conflicts of interest will be resolved in our favor.

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In addition, the shareholders of our PRC Operating Entity may breach or cause our PRC Operating Entity to breach the Contractual Arrangements. If our PRC Operating Entity or its shareholders breach their agreements with us or otherwise have disputes with us, we may have to initiate arbitration or other legal proceedings, which involve significant uncertainty. Such disputes and proceedings may significantly disrupt our business operations, adversely affect our ability to control our PRC Operating Entity and otherwise result in negative publicity. We cannot assure you that the outcome of any such dispute or proceeding will be in our favor.

The Contractual Arrangements between our WFOE and our PRC Operating Entity may subject our Group to increased income tax due to the different income tax rates applicable to our WFOE and our PRC Operating Entity and adversely affect our results of operations.

Under the Contractual Arrangements, subject to adjustment at the absolute discretion of our WFOE, our PRC Operating Entity is required to pay our WFOE a service fee that equals to 100% of its annual revenue after deducting costs and expenses (except the service fee) incurred during the course of its management and operation, and any taxes, prior-year loss (if any) and contribution of social insurance and housing provident fund by the PRC Operating Entity in any given year.

Our PRC Operating Entity qualified as a “software enterprise” in 2013 and was entitled to preferential tax treatment. In 2013 and 2014, its income tax rate was 12.5%. Our PRC Operating Entity qualified as a high-tech enterprise in 2014 and as a result, enjoys a preferential enterprise income tax rate of 15% starting from 2015. Our WFOE, on the other hand, is subject to the statutory enterprise income tax rate of 25%. Due to the higher income tax rate applicable to our WFOE than our PRC Operating Entity, transfer of profit by our PRC Operating Entity to our WFOE may result in increased income tax expenses for our Group on a consolidated basis, which may materially and adversely affect our results of operations, particularly, our net profit and net profit margin. For illustrative purposes only, for the two years ended December 31, 2013 and 2014 and the nine months ended September 30, 2015, assuming that (i) 100% of our Group’s profit would be subject to the statutory income tax rate of 25%; and that (ii) Shenzhen NNK was not entitled to the 50% exemption (which it has been entitled to in 2013 and 2014 as it qualifies as “Software Enterprise” as accredited by the Shenzhen Economic Trading and Information Commission) or the 15% preferential tax rate (which it has been entitled to starting from 2015 as it qualifies as “High and New Technology Enterprise” as accredited by Shenzhen Finance Bureau, Administrator of Local Taxation of Shenzhen Municipality and Shenzhen Municipal Office of the State Administration of Taxation), our Group would incur an income tax expense of approximately RMB7.9 million, RMB9.9 million and RMB12.7 million, as compared with the actual income tax expense of approximately RMB4.0 million, RMB4.9 million and RMB7.2 million, respectively.

We conduct our business operation in the PRC through our PRC Operating Entity by way of the Contractual Arrangements, but certain terms of the Contractual Arrangements may not be enforceable under PRC law.

All the agreements which constitute the Contractual Arrangements are governed by PRC laws and all disputes will be submitted to the South China International Economic and Trade Arbitration Commission for arbitration, whose ruling will be final and binding. Accordingly, these agreements would be interpreted in accordance with PRC laws and disputes would be resolved in accordance with

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PRC legal procedures. The legal environment in the PRC is not as developed as in other jurisdictions and uncertainties in the PRC legal system could limit our ability to enforce the Contractual Arrangements. In the event that we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over our PRC Operating Entity, and our ability to conduct our business and our financial condition and results of operations may be materially and adversely affected.

The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of our PRC Operating Entity, injunctive relief and/or winding up of our 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. However, under PRC laws, these terms may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. Therefore, in the event of breach of any agreements constituting the Contractual Arrangements by our PRC Operating Entity and/or its shareholders, and if we are unable to enforce the Contractual Arrangements, we may not be able to exert effective control over our PRC Operating Entity, which could negatively affect our ability to conduct our business.

If we exercise the option to acquire equity ownership of our 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 our 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 the MOFCOM, the MIIT and/or their local competent branches. In addition, the equity interest transfer price may be subject to review and tax adjustment by the relevant tax authority. The shareholders of our 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 our PRC Operating Entity. The shareholders of our 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. Such tax amounts could be substantial and our financial condition may be materially adversely affected.

RISKS RELATING TO THE PRC

Changes in the PRC's economic, political and social conditions and government policies may continue to affect our business.

We derived all of our revenues from our operations in the PRC during the Track Record Period. Accordingly, our 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 generally.

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China's economy differs from economies of developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While China's economy has experienced significant growth in the past, growth has been uneven across different regions and economic sectors and there is no assurance that such growth can be sustained. If the business environment in the PRC deteriorates as a result of the slowdown in the PRC's economic growth, our business may be materially adversely affected.

The PRC government exercises significant control over China's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. The PRC government has in the past implemented certain measures, including interest rate increases, in an attempt to control the rate of economic growth. The PRC economy has begun to show signs of a potential slowdown in recent years, including decreased gross domestic product growth rates. In response, the PRC government has announced stimulus measures, but the overall impact of such stimulus measures is uncertain, and they may not have the intended effects. Any future actions and policies adopted by the PRC government could materially adversely affect the Chinese economy and slow down the growth of the demand for mobile top-up services and data usage top-up services in the PRC, which could materially adversely affect our business.

Our operations are subject to the inherent uncertainties of PRC's legal system.

PRC laws and regulations govern our operations in the PRC. Daily Charge Shenzhen and our PRC Operating Entity were organized under PRC laws. China's legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. The PRC government has promulgated laws and regulations over the past 20 years regarding matters such as corporate organization and governance, issuance and trading of securities, shareholders' rights, foreign investment, commerce, taxation and trade. However, many of these laws and regulations are relatively new and evolving, are subject to different interpretations and may be inconsistently implemented and enforced. In addition, only a limited volume of published court decisions may be cited for reference, and such cases have limited precedential value as they are not binding on subsequent cases. These uncertainties relating to the interpretation, implementation and enforcement of the PRC laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions can affect the legal remedies and protections available to you, and can adversely affect the value of your investment.

You may experience difficulties in effecting service of legal process or enforcing foreign judgments against us and our senior management.

We conduct our operations in the PRC and all of our assets are located in the PRC. In addition, all of our senior management reside in the PRC.

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It may be difficult for investors to effect service of process upon those persons residing in the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other countries. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions may be difficult or even impossible.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters. Under such arrangement, where any designated People's Court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the relevant People's Court or Hong Kong court for recognition and enforcement of the judgment. Although the arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the arrangement remains uncertain.

We may be required to obtain prior approval from the CSRC for the listing and trading of our shares on the Stock Exchange.

On August 8, 2006, six PRC regulatory authorities, including the MOFCOM, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the SAIC, the CSRC, and the SAFE, jointly issued the Regulation on Mergers and Acquisitions of Domestic Companies by Foreign Investors (the "M&A Rules"), which became effective on September 8, 2006 and was subsequently amended on June 22, 2009. This regulation, among other things, purports to require that an offshore special purpose vehicle formed for purposes of overseas listing of equity interests in PRC companies and controlled directly or indirectly by PRC companies or individuals obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

While the application of the M&A Rules remains unclear, our PRC Legal Advisor is of the opinion that prior CSRC approval for the Global Offering is not required because Daily Charge Shenzhen was incorporated by a foreign-owned enterprise, and there was no acquisition of the equity or assets of a "PRC domestic company" as such term is defined under the M&A Rules. As a result, we did not seek prior CSRC approval for the Global Offering. However, we cannot assure you that the relevant PRC government authorities, including the CSRC, will reach the same conclusion as our PRC Legal Advisor's. If the CSRC or other relevant PRC government authorities subsequently determine that prior CSRC approval is required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory authorities. These regulatory authorities may impose fines and penalties on our operations in the PRC, limit our operating privileges in the PRC, delay or restrict the repatriation of the proceeds from the Global Offering into the PRC or take other actions that could have a material adverse effect on our business, as well as the trading price of our shares. The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt the Global Offering before settlement and delivery of the Shares offered by this prospectus. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur.

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We may be classified as a “PRC resident enterprise” for PRC enterprise income tax purposes, which could result in our global income being subject to 25% PRC enterprise income tax.

The EIT Law provides that an enterprise established outside the PRC whose “de facto management body” is located in the PRC is considered a “PRC resident enterprise” and will generally be subject to the uniform 25% enterprise income tax rate (“EIT rate”) on its global income. Under the implementation rules of the EIT Law, “de facto management body” is defined as the organization body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

The Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (“Circular 82”) promulgated by the SAT on April 22, 2009 and amended on January 29, 2014 sets out the standards and procedures for determining whether the “de facto management body” of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following apply: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders’ meetings are located or kept within the PRC; and (iv) at least half of the enterprise’s directors with voting rights or senior management reside within the PRC. Further to Circular 82, the SAT issued a bulletin, known as Bulletin 45, which took effect in September 2011, to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such “Chinese-controlled offshore incorporated resident enterprises.” Bulletin 45 provides procedures and administrative details for the determination of resident status and administration on post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside the PRC and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT’s criteria for determining the tax residence of foreign enterprises in general. If we were treated as a PRC resident enterprise, the 25% PRC income tax on our global taxable income could materially and adversely affect our ability to satisfy any cash requirements we may have. In addition, we will also be subject to PRC enterprise income tax reporting obligations.

The PRC government’s pilot plan to replace the business tax with a VAT may subject us to pay more taxes, which could affect our financial condition and results of operation.

Pursuant to the PRC Provisional Regulations on Business Tax, taxpayers providing taxable services falling under the category of the service industry in China are required to pay a business tax at a normal tax rate of 5% of their revenue. In November 2011, the Ministry of Finance and the State Administration of Taxation promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax. Pursuant to this plan and relevant notices, from January 1, 2012, a value added tax, or VAT, was imposed to replace the business tax in the transport and shipping industry and some of the modern service industries in certain pilot regions, including Guangdong Province. Under the pilot plan, a VAT rate of 6% applies to some modern service industries. Further on April 29, 2014, the Ministry of Finance and the State Administration of Taxation issued the Notice on Inclusion of

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Telecommunication Services in the Pilot Plan for Imposition of Value-added Tax to Replace Business Tax, which became effective on June 1, 2014, to include telecommunication services, in particular, value-added telecommunication services in the pilot plan to replace the business tax with a VAT of 6%. The services we provide falls within the scope of the modern service industry and value-added telecommunication services. As a result, we have been paying taxes in compliance with the instruction of the PRC local tax authorities. While we do not expect Shenzhen NNK to be subject to higher tax expenses in a material respect as a result of the new VAT scheme based on our understanding of the scheme, we cannot assure you that our actual tax expenses will not increase in the future as a result of the new tax scheme or any new government tax policy, which could harm our financial condition and results of operations.

Any change in the preferential tax treatment we currently enjoy in the PRC may materially adversely impact on our business, financial condition and results of operations.

The PRC government passed the EIT Law and its implementation rules, both of which became effective on January 1, 2008, which provided the statutory rate of the enterprise income tax of 25%. According to the EIT Law and its implementation rules and other relevant regulations, (i) “software enterprises” enjoy an income tax exemption for two years beginning with their first profitable year and a 50% tax reduction to an income tax rate of 12.5% for the subsequent three years; and (ii) “high and new technology enterprises strongly encouraged by the state” (“HNTE”), which independently own core intellectual property and meet certain other criteria stipulated in the implementation rules, enjoy a preferential enterprise income tax rate of 15%, subject to periodical review of the qualification of HNTE, and approval of relevant taxation administration and other criteria specified in relevant laws and regulations.

Our PRC Operating Entity was accredited as a “software enterprise” in January 2013 under the relevant PRC laws and regulations and qualified as “high and new technology enterprise” in September 2014. Under the relevant PRC tax regulations, our PRC Operating Entity may apply for preferential treatment based on its qualification of “software enterprise” and “high and new technology enterprise.”

There are uncertainties on the future interpretation and implementation of PRC tax laws and regulations and their implementation rules. It is possible that the qualifications of our PRC Operating Entity as a “software enterprise” or a “high-tech enterprise”, will be challenged in the future by relevant authorities and be repealed, or that there will be new laws and regulations or future implementation rules that are inconsistent with current interpretations of PRC laws and regulations. If our PRC Operating Entity fails to maintain its “software enterprise” and “high and new technology enterprises” qualification, our applicable corporate income tax rate would increase to 25%, which could have a material adverse effect on our cash flows, financial condition and results of operations. We cannot assure you that we will be able to maintain our current effective tax rate in the future.

Holders of our shares may be subject to PRC taxation.

Non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our shares in accordance with applicable PRC tax laws, rules and regulations.

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Pursuant to the PRC Individual Income Tax Law, non-PRC resident individuals are subject to a 20% PRC individual income tax on their dividend income derived from the PRC and we are required to withhold such tax from our dividend payments. If there is an applicable tax treaty to avoid double taxation and taxation evasion between China and the jurisdiction where the foreign individual resides, the applicable tax rate shall be determined in accordance with such tax treaty. A domestic non-foreign-investment enterprise with shares listed in Hong Kong can generally withhold dividend income tax at a rate of 10% given the applicable dividend income tax rate under the tax treaties or tax arrangement is usually 10%. There remains uncertainty as to whether gains realized by non-PRC resident individuals on disposition of our shares are subject to PRC individual income tax.

Pursuant to the EIT Law and other applicable PRC tax rules and regulations, non-PRC resident enterprises that do not have establishments or premises in the PRC, or have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to a 10% PRC enterprise income tax rate on dividend income received from a PRC company and gains realized upon the sale or other dispositions of equity interest in a PRC company. The 10% tax rate is subject to reduction under any special arrangements or applicable treaties between China and the jurisdiction where the non-resident enterprise domiciles.

There remains substantial uncertainty as to the interpretation and implementation of the EIT Law and other applicable PRC tax rules and regulations by the PRC tax authorities, including whether and how non-PRC resident holders of our shares are subject to enterprise income tax rate on gains realized upon the sale or other dispositions of their shares. In addition, the value of your investment in our shares may be materially affected by unfavorable changes in the applicable tax rates currently stipulated by the PRC tax authorities.

If Daily Charge Shenzhen declares and distributes dividends to its offshore parent companies, we will be required to pay more taxes, which could have a material and adverse effect on our result of operations.

Under the EIT Law and related regulations, dividends, interests, rent or royalties payable by a foreign-invested enterprise, such as Daily Charge Shenzhen, to any of its foreign non-resident enterprise investors, and proceeds from any such foreign enterprise investor's disposition of assets (after deducting the net value of such assets) are subject to a 10% withholding tax, unless the foreign enterprise investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a reduced rate of withholding tax. Hong Kong has a tax arrangement with the PRC that provides for a 5% withholding tax on dividends subject to certain conditions and requirements, such as the requirement that the Hong Kong resident enterprise own at least 25% of the PRC enterprise distributing the dividends at all times within the 12-month period immediately preceding the distribution of dividends and be a "beneficial owner" of the dividends. Daily Charge HK, which directly owns Daily Charge Shenzhen, is incorporated in Hong Kong. However, if Daily Charge HK is not considered to be the beneficial owner of dividends paid to it by Daily Charge Shenzhen under the tax circulars promulgated in February and October 2009, such dividends would be subject to withholding tax at a rate of 10%. If Daily Charge Shenzhen declares and distributes profits to us in the future, such payments will be subject to withholding tax, which will increase our tax liability and reduce the amount of cash available to our company.

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Daily Charge Shenzhen is subject to restrictions on paying dividends and making other payments to Daily Charge HK.

We are a Cayman Islands holding company and conduct all of our operations through our PRC Operating Entity. As a result of the holding company structure, it currently relies on dividend payments from Daily Charge Shenzhen. However, PRC regulations currently permit payment of dividends only out of accumulated profits, as determined in accordance with PRC accounting standards and regulations. Daily Charge Shenzhen is required to set aside a portion of its after-tax profits according to PRC accounting standards and regulations to fund certain statutory reserve funds. Furthermore, if Daily Charge Shenzhen incurs debt on its own in the future, the instruments governing the debt may restrict its ability to pay dividends or make other payments. If Daily Charge Shenzhen is unable to pay dividends or make other payments to us, we may be unable to pay dividends on our shares.

Regulations relating to offshore investment activities by PRC residents may subject us to fines or sanctions imposed by the PRC government, including restrictions on our PRC subsidiary's abilities to pay dividends or make distributions to us and our ability to increase our investment in our PRC subsidiary.

The SAFE promulgated the Circular on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (“Circular 37”) in July 2014 and a series of implementation rules and guidance, which require PRC residents to register with a relevant local office of the SAFE in connection with their direct or indirect offshore investment in an overseas special purpose vehicle for the purposes of investment and equity financing activities involving a roundtrip investment whereby the offshore entity directly established or indirectly controlled by PRC residents conducts direct investment activities, including establishing a foreign-funded enterprise or project within the territory of China through incorporating a new business, mergers and acquisitions and other forms of investment, and obtaining ownership, control, operation and management and other rights and interests. In order to guarantee offshore obligations, the PRC residents must file amendments to their initial SAFE registrations if their offshore special purpose vehicles experience material changes, including changes related to individual resident shareholder name, operating period, and other major events, such as domestic individual resident capital increase, capital reduction, share transfer or exchange, mergers or divisions. Under Circular 37, failure to comply with the registration procedures may result in fines or sanctions imposed by the PRC government, including the restriction on the payment of dividend and other distributions by the PRC subsidiary to its offshore parent, as well as restrictions on the capital inflow from the offshore parent to its PRC subsidiary.

All of our shareholders who are subject to the regulations under Circular 37 have registered with the SAFE their respective foreign investment. We expect these shareholders to amend their initial registrations after the completion of the Global Offering as required by PRC law. However, we cannot assure you that all our shareholders who are PRC residents will comply with our request to make, amend or obtain any applicable registrations or comply with other requirements under Circular 37 or other related rules. Failure by any of our shareholders who is a PRC resident, or controlled by a PRC

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resident, to comply with relevant requirements under Circular 37 could subject us to fines or sanctions imposed by the PRC government, including restrictions on our PRC subsidiary's ability to pay dividend or make distributions to us and our ability to increase our investment in our PRC subsidiary.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiary.

Our company is an offshore holding company and we conduct our business in the PRC through our Daily Charge Shenzhen and our PRC Operating Entity. We may fund our operations in the PRC through making additional capital contributions or loans to Daily Charge Shenzhen. Any funds we transfer to Daily Charge Shenzhen, either as a shareholder loan or as an increase in registered capital are subject to the approval by or registration with relevant governmental authorities in the PRC.

According to the relevant PRC regulations on foreign-invested enterprises in the PRC, capital contributions to Daily Charge Shenzhen are subject to the approval of the MOFCOM or its local branches and registration with other governmental authorities in the PRC. In addition, any foreign loan procured by Daily Charge Shenzhen is required to be registered with the SAFE or its local branches, and Daily Charge Shenzhen may not procure loans which exceed the difference between its registered capital and its total investment amount as approved by the MOFCOM or its local branches. Any medium or long-term loan to be provided by us to our PRC Operating Entity must be approved by the NDRC or its local branches. Any loan to be provided by us to our PRC Operating Entity must be approved by the SAFE or its local branches. We may not obtain these government approvals or complete such registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us to our PRC subsidiary. If we fail to receive such approvals or complete such registration, our ability to use the proceeds of the Global Offering and to capitalize our PRC operations may be negatively affected, which could adversely affect Daily Charge Shenzhen's liquidity and our ability to fund and expand our business.

On March 30, 2015, SAFE issued the Circular of SAFE on the Reform of Administrative Approach for the Settlement of Foreign Exchange Capital Funds of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) ("Circular 19"), which came into force on June 1, 2015. According to Circular 19, the foreign exchange capital funds in an FIE's capital account can be settled in banks according to such FIE's actual business operation requirements, provided that such funds are recognized by the local foreign exchange bureau as the interests of monetary capital contributions or registered with the relevant bank as monetary capital contributions. Circular 19 facilitates domestic equity investments by FIEs with funds from the settlement of foreign exchange capital. However, as a new regulation, Circular 19 will be subject to interpretation and application by the relevant PRC authorities. As a result, we are required to apply Renminbi funds converted from the net proceeds we expect to receive from the Global Offering within the business scope of Daily Charge Shenzhen. SAFE Circular 19 may limit our ability to transfer the net proceeds from the Global Offering or any other offering of additional equity securities to Daily Charge Shenzhen or invest in or acquire any other companies in the PRC. Violations of such circular could result in severe monetary or other penalties.

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PRC government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our shares.

Renminbi generally cannot be freely converted into any foreign currencies. We receive all of our revenue in Renminbi. A portion of our revenue must be converted into other currencies in order to meet our foreign currency obligations such as payment of dividends to holders of our shares. Under the current foreign exchange regulations in the PRC, following completion of the Global Offering, we will be permitted to undertake foreign exchange transactions under the current account subject to certain procedures, including the payment of dividends in foreign currencies, without prior approval from the SAFE. However, there is no assurance that the foreign exchange policies regarding payment of dividends in foreign currencies will continue. Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, continue to be subject to limitations and require prior approval of the SAFE. The PRC government authorities may further implement rules and regulations in the future, which could restrict the use of foreign currency under current account and capital account in certain circumstances. These restrictions could affect our ability to obtain foreign currency through debt financing, or to obtain foreign exchange needed for our capital expenditures, and could materially adversely affect our business, financial condition and results of operations.

Fluctuation of Renminbi could materially affect our financial condition and results of operations.

We derive all of our revenues in Renminbi, some of which may need to be converted into foreign currencies to pay dividends to holders of our shares. The value of the Renminbi fluctuates, and is subject to changes in the PRC government's policies and depends to a large extent on domestic and international economic and political developments. Since July 21, 2005, the PRC government has adopted a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and with reference to a basket of currencies. In April 2012, the PBOC enlarged the floating band for the trading price of Renminbi against the U.S. dollar on the inter-bank spot exchange market to 1.0% around the central parity rate. In March 2014, PBOC further enlarged the floating band for the trading price of Renminbi against the U.S. dollar on the inter-bank spot exchange market to 2.0% around the central parity rate. There remains significant international pressure on the PRC government to adopt more flexible currency policies. In the event of significant change in the exchange rates of Hong Kong and U.S. dollars against Renminbi, our ability to pay dividends in foreign currencies may be adversely affected. In addition, any dividends in respect of our shares will be declared in Renminbi and paid in Hong Kong dollars. Accordingly, holders of our shares in countries other than China are subject to risks arising from adverse movements in the value of the Renminbi against the Hong Kong dollar, which may reduce any dividends paid in respect of the shares. Furthermore, following the Global Offering, our exposure to risks associated with foreign currency fluctuations may further increase as the net proceeds from the Global Offering are expected to be denominated in currencies other than Renminbi.

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The enforcement of the Labor Contract Law and increase in labor costs in the PRC may adversely affect our business and our profitability.

The Labor Contract Law of the PRC became effective on January 1, 2008 and its implementation rules effective on September 18, 2008. The Labor Contract Law, as amended on July 1, 2013, and its implementation rules impose more stringent requirements on employers with regard to, among others, minimum wages, severance payment and non-fixed term employment contracts, time limits for the probation period as well as the duration and the times that an employee can be placed on a fixed term employment contract.

Due to the lack of clarity with respect to the implementation of the Labor Contract Law and its potential penalties and fines, it is uncertain how they will impact our current employment policies and practices. Our employment policies and practices may violate the Labor Contract Law or its implementation rules and we may be subject to related penalties, fines or legal fees. Compliance with the Labor Contract Law and its implementation rules may increase our operating expenses, in particular our personnel expenses, as the continued success of our business depends significantly on our ability to attract and retain qualified personnel. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may also limit our ability to effect those changes in a manner that we believe to be cost-effective or desirable, which could adversely affect our business and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our shares, an active trading market for our shares may not develop, and their trading price may fluctuate significantly.

Prior to the completion of the Global Offering, no public market existed for our shares. The initial Offer Price range to the public for our shares is the result of negotiations between us and the Sole Global Coordinator on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our shares following the Global Offering. There can be no assurance that an active trading market for our shares will develop following the Global Offering or, if it does develop, that it will be sustained or that the market price for our shares will not decline below the initial Offer Price.

The trading volume and market price of our shares may be volatile, which could result in substantial losses for investors who purchase our shares in the Global Offering.

The price and trading volume of our shares may be highly volatile. Factors, some of which are beyond our control, such as variations in our revenue, earnings and cash flow, changes in our pricing policy as a result of competition, the emergence of new technologies, strategic alliances or acquisitions, the addition or departure of key personnel, changes in ratings by financial analysts and credit rating agencies, litigation or fluctuations in the market prices and demand for our products or services could cause large and sudden changes in the volume and price at which our shares will trade.

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In addition, the Stock Exchange and other securities markets have, from time to time, experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially adversely affect the market price of our shares.

Future sales or perceived sales of substantial amount of our shares in the public market could materially adversely affect the prevailing market price of our shares and our ability to raise capital in the future.

The market price of our shares could decline as a result of future offering or sales of shares by us or our shareholders, or the perception that such offerings or sales could occur. Future sales of substantial amounts of our shares or other securities relating to our shares in the public market, the issuance of new Shares or other securities relating to our shares or the perception that such sales or issuances may occur could materially adversely affect the prevailing market price of our shares and our ability to raise capital in the future at a time and at a price favorable to us.

You may experience immediate dilution and may experience further dilution if we issue additional shares in the future.

Based on the Offer Price range, the Offer Price is expected to be higher than the net tangible book value per Share prior to the Global Offering. Therefore, you will experience an immediate dilution in pro forma net tangible book value per Share. In addition, we may issue additional Shares or equity-related securities in the future under our Share Option Scheme or to raise additional funds, finance acquisitions or for other purposes. If we issue additional Shares or equity-related securities in the future, the percentage ownership of our existing Shareholders may be diluted. In addition, such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or senior to the Shares.

Dividends declared in the past may not be indicative of our dividend policy in the future.

We declared cash dividends of nil, nil, RMB30 million and nil for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively. Dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form or size dividends will be paid in the future. The determination of whether to pay a dividend and in what amount is based on our business and financial performance, capital and regulatory requirements, general business conditions and other factors that our board of directors deem relevant. We may not have sufficient or any profits for dividend distributions in the future, even if our financial statements indicate that our operations have been profitable. Please see “Financial Information — Dividend Policy”. There is no assurance that we will adopt the same dividend policy as we adopted in the past.

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We have significant discretion as to how we will use the net proceeds of the Global Offering and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return to our shareholders. We plan to use the net proceeds from the Global Offering to enhance our brand's recognition by our channel partners, upgrade our hard and network infrastructure, increase our software and research and development efforts, source mobile top-up credits, acquire potential businesses and assets that are complementary to our business and operations and for general working capital and other general corporate purposes. Please see the section headed "Future Plans and Use of Proceeds" for details. However, our management will have discretion as to the actual application of our net proceeds, which will fall within the scope of our future plan and use of proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" in this prospectus. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from the Global Offering.

You may experience difficulties in enforcing your shareholder rights because we are incorporated in the Cayman Islands. Cayman Islands law is different from the law of Hong Kong and other jurisdictions and may not provide the same protections to minority shareholders.

We are an exempted company incorporated in the Cayman Islands with limited liability, and the law of the Cayman Islands differs in some respects from that of Hong Kong or other jurisdictions where investors may be located.

Our corporate affairs are governed by our Memorandum and Articles of Association, the Cayman Companies Law and the common law of the Cayman Islands. The rights of shareholders to take legal action against us and our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive but not binding authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may not be as clearly established as they would be under statutes or judicial precedents in Hong Kong or other jurisdictions where investors may be located. In particular, the Cayman Islands has a less developed body of securities law.

As a result, our shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, Directors or major shareholders than they would as shareholders of a Hong Kong company or companies incorporated in other jurisdictions. For example, the Cayman Islands does not have a statutory equivalent of section 168A of the Companies Ordinance, which provides a remedy for shareholders who have been unfairly prejudiced by the conduct of the company's affairs.

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Certain statistics contained in this prospectus are derived from a third party report which are not independently verified by us.

This prospectus, particularly the section headed “Industry Overview” in this prospectus, contains information and statistics, including but not limited to information and statistics relating to the mobile top-up market in the PRC. Such information and statistics have been derived from a third-party report commissioned by us. The sources of such information are appropriate sources for such information and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers and Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up-to-date. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the facts, forecasts and statistics in this prospectus relating to the mobile top-up market in the PRC and certain other countries and regions may be inaccurate. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Therefore, you should not unduly rely upon the facts, forecasts and statistics contained in this prospectus.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains statements that are forward-looking and uses words typically used for forward-looking statements such as “will”, “expect”, “estimate”, “anticipate”, “plan”, “believe”, “may”, “intend”, “ought to”, “continue”, “project”, “should”, “seek”, “potential” and other similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. Purchasers of our shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, any or all of those assumptions could prove to be incorrect and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this “Risk Factors” section, many of which are beyond our control. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that our plans and objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise.

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You should read the entire prospectus carefully and should not rely on any information contained in press articles or other media regarding us and the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on such information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, except as otherwise permitted by the Stock Exchange at its discretion, a new applicant applying for a primary listing on the Stock Exchange must have sufficient management presence in Hong Kong. This normally means that at least two of its executive Directors must be ordinarily resident in Hong Kong.

Since our head office and substantially all of our business operations are based, managed and conducted in the PRC, we do not, and for the foreseeable future, will not, have executive Directors who are ordinarily resident in Hong Kong, for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 8.12 of the Listing Rules on the following grounds:

- (a) our company is incorporated in the Cayman Islands and our company's business operations are based, managed and conducted in the PRC;
- (b) most of our company's material assets are situated in the PRC;
- (c) none of our company's executive Directors are based in Hong Kong as our company believes that it would be more effective and efficient for its executive Directors to be based in the PRC where most of the strategic decisions are made and where our company's operations are located in;
- (d) for the purpose of the management and operations of our company, the appointment of additional executive Directors who are ordinarily resident in Hong Kong would not only increase the administrative expenses of our company, but would also reduce the effectiveness and responsiveness of the Board in making decisions for our company, especially when business decisions are required to be made within a short period of time. In addition, the appointment of additional executive Directors, who may not be familiar with the operations of our company, to the Board for the sole purpose of satisfying the requirement of Rule 8.12 of the Listing Rules would not be in the best interests of our company and its Shareholders as a whole;
- (e) furthermore, executive Directors if appointed as mentioned in paragraph (d) above will not be physically present in the operation and management base of our company in the PRC at all times. As a result, they will not be able to fully understand or familiarize themselves with the daily operations and management of the business of our company or gain a full appreciation of the circumstances surrounding or affecting our business operations and

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

development of our company from time to time. As such, such executive Directors may not be able to exercise their discretion in a fully informed manner, or make appropriate business decisions or judgments that are most beneficial to the operation and development of our company; and

- (f) relocating any of the existing PRC based executive Directors to Hong Kong will require time to process the application for residency in Hong Kong. Furthermore, the application would be burdensome and costly for our company and may not be approved by the proposed date of listing of our company on the Stock Exchange. Since such Directors, after the relocation, will not be physically present in the operation and management base of our company in the PRC at all times, they may encounter the management difficulties as described in paragraph (e) above.

We have made arrangements to maintain effective communication between the Stock Exchange and our Company as follows:

- our company has appointed two authorized representatives, who will act as our company's principal channel of communication between our company and the Stock Exchange. Each of the authorized representatives has means to contact all members of the Board (including the Executive Directors, Non-executive Directors and the Independent Non-executive Directors) and the senior management promptly at all times as and when the Stock Exchange wishes to contact them for any matter. The two authorized representatives of our company are Huang Junmou (an executive Director of our Company) and Wong Wai Ling (one of our joint company secretaries). Our company will also inform the Stock Exchange promptly in respect of any change in the authorized representatives;
- to enhance the communication between the Stock Exchange, the authorized representatives and the Directors, our company has implemented a policy that (i) each Director, (including Independent Non-executive Directors) has to provide his or her office phone numbers, mobile phone numbers, fax numbers and email addresses (if applicable) to the authorized representatives and the Stock Exchange; and (ii) both authorized representatives have to provide their office phone numbers, mobile phone numbers, fax numbers and email addresses (if applicable) to the Stock Exchange. Our authorized representatives have means for contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matter;
- in addition, all Directors who are not ordinarily resident in Hong Kong have confirmed that he or she possesses or can apply for valid travel documents to visit Hong Kong for business purpose and would be able to come to Hong Kong and meet with the relevant members of the Stock Exchange upon reasonable notice;
- in accordance with Rule 3A.19 of the Listing Rules, our company has appointed Quam Capital Limited as our compliance advisor for the period commencing on the date of Listing and ending on the date on which our company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the date of Listing. The compliance advisor will act as our company's additional channel of

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

communication with the Stock Exchange and the compliance advisor shall have access at all times to our authorized representatives, our Directors and other officers of our company to ensure that he or she is in a position to provide prompt responses to any queries or requests from the Stock Exchange in respect of our company;

- our company will retain a Hong Kong legal advisor to advise on the on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the Listing; and
- the compliance advisor will also advise on the on-going compliance requirements and other issues arising under the Listing Rules after the Listing.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, an applicant for primary listing on the Stock Exchange must have a company secretary who is an individual and who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary.

According to Note 1 of Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- a) a member of The Hong Kong Institute of Chartered Secretaries;
- b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and
- c) a certified public accountant (as defined in the Professional Accountants Ordinance).

Further, under Note 2 of Rule 3.28 of the Listing Rules, the Stock Exchange will consider the following factors of the individual in assessing “relevant experience”:

- a) length of employment with the issuer and other issuers and the roles he played;
- b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, and the Takeovers Code;
- c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules (i.e. taking no less than 15 hours of relevant professional training in each financial year of the company); and
- d) professional qualifications in other jurisdictions.

Our company has appointed Ms. Ouyang Jiejiao (歐陽戒驕) and Ms. Wong Wai Ling (黃慧玲) as joint company secretaries.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

We have appointed Ms. Ouyang Jiejiao as one of the joint company secretaries of our company on April 15, 2015 to jointly discharge the duties and responsibilities as company secretaries of our company with reference to their past experience, qualifications and working experience. Please refer to “Directors and Senior Management” for details.

As Ms. Ouyang does not possess the formal qualifications as stipulated in the notes of Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 such that Ms. Ouyang may be appointed as a joint company secretary.

Prior to this appointment, Ms. Ouyang has been an investor relations manager of our Group since November 4, 2014, and is familiar with the operations of our company. Ms. Ouyang is also experienced in accountancy and is a member of the Association of Chartered Certified Accountants. Our company believes that it would be in the best interests of our company and the corporate governance of our Group to have a person such as Ms. Ouyang, who is familiar with the operations of our company, as its joint company secretary.

In support of the waiver application, our company has proposed that Ms. Wong Wai Ling, who is a member of the Hong Kong Institute of Chartered Secretaries, will be appointed as the other joint company secretary to provide guidance and assistance to Ms. Ouyang for an initial period of three years from the Listing Date, so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. Our company submits that Ms. Wong is a suitably qualified person to render assistance to Ms. Ouyang so as to enable her to acquire the “relevant experience” as required under Note 2 to Rule 3.28 of the Listing Rules. Further, Ms. Ouyang undertakes to take no less than 15 hours of relevant professional training in each financial year of our company.

At the end of the three-year period, we will liaise with the Stock Exchange to enable it to assess whether Ms. Ouyang, having benefited from the guidance and assistance of Ms. Wong for the preceding three years, has acquired the relevant experience and skills necessary to carry out the duties as company secretary (within the meaning of Rule 3.28 of the Listing Rules) so that a further waiver is not required.

WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of our company under the Listing Rules upon the Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. For further details in this respect, see the section headed “Connected Transactions” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules, (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorized by our company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering", and the procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" and in the relevant Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to us and the Sole Global Coordinator (on behalf of the Underwriters) agreeing on the Offer Price. An International Underwriting Agreement relating to the International Offering is expected to be entered into on or around Wednesday, December 30, 2015, subject to the Offer Price being agreed.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

If, for any reason, our company and the Sole Global Coordinator (on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Thursday, December 31, 2015, the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, please see the section headed “Underwriting” in this prospectus.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Hong Kong Offer Shares described in this prospectus and the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus and/or Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering (including the Shares which may be issued upon the exercise of the Over-allotment Option) and any additional Shares which may be issued upon the exercise of the options under the Share Option Scheme.

No part of our company’s share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, January 7, 2016. The Shares will be traded in board lots of 2,000 Shares each. The stock code of the Shares will be 3773.

ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business Day after any trading

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

REGISTER OF MEMBERS AND STAMP DUTY

Our company's principal register of members will be maintained by our Principal Registrar in the Cayman Islands and our company's Hong Kong register of members will be maintained by our Hong Kong Share Registrar in Hong Kong.

Dealings in our Shares will be subject to Hong Kong stamp duty.

Unless determined otherwise by our company, dividends payable in Hong Kong dollars in respect of our Shares will be paid to our Shareholders listed on the Hong Kong share register of our company, by ordinary post, at the Shareholder's risk, to the registered address of each Shareholder or, if joint Shareholders, to the first-named therein in accordance with the Articles of Association.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their own professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and dealing in our Shares (or exercising rights attached to them). None of us, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and the related stabilization exercise are set out in the section headed "Structure of the Global Offering" in this prospectus.

PROCEDURE FOR APPLICATION FOR THE HONG KONG OFFER SHARES

The procedure for application for the Hong Kong Offer Shares is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including conditions of the Global Offering, are set out in the section headed "Structure of the Global Offering" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

EXCHANGE RATE CONVERSION

For the purpose of illustration only, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. Unless otherwise specified, (i) the translations between Renminbi and HK dollars were made at the rate of HK\$1.00 to RMB0.8362, and (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK\$7.7499 to US\$1.00. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail. However, the English translation of the Chinese name of (i) a corporate entity established in the PRC; (ii) a PRC law, regulation or rule; (iii) a PRC governmental or regulatory authority; or (iv) an award, certificate or permit granted/issued by a PRC governmental or regulatory authority has been provided for identification and reference purposes only. If there is any inconsistency between the Chinese names of any of the aforesaid company names, laws, regulations, rules, authorities, awards, certificates or permits and their English translation, the Chinese names shall prevail.

ROUNDING

Certain amounts and percentages figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies between totals and sums of amounts listed in any table are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Mr. HUANG Junmou (黃俊謀)	Room 2213, 22 Floor, Sungang Building, Luohu District, Shenzhen, PRC	PRC
Mr. YANG Hua (楊華)	Room 608, Block B, Jianye Building, No. 7 Nonglin Road, Futian District, Shenzhen, PRC	PRC
Mr. LUO Mingxing (羅明星)	Room 21D, Building 5, Sunny Bay Garden, Nanshan District, Shenzhen, PRC	PRC
<i>Non-executive Directors</i>		
Mr. LI Xiangcheng (李享成)	Room 1308, Baohua Building, Futian District, Shenzhen, PRC	PRC
Mr. XU Xinhua (許新華)	Room D-24E, Shahe Jinxiu Garden, Nanshan District, Shenzhen, PRC	PRC
Mr. YU Zida (喻子達)	Room 301, Unit 2, Building 1, No. 133 Aomen Road, Shinan District, Qingdao, PRC	PRC
<i>Independent Non-executive Directors</i>		
Mr. LIN Zhangxi (林漳希)	Room 1403, Building 1, Jinxiujiangnan, No. 246 Minjiang Road, Cangshan District, Fuzhou, PRC	PRC
Mr. QIAN Haomin (錢昊旻)	Room 14A, Gate 2, Building 211, Daxiyang Xincheng, Chaoyang District, Beijing, PRC	PRC
Ms. ZHAO Jinlin (趙晉琳)	Room 2B, Building 2, Bohaimingyuan No.8 Gaoxin South Ring Road Nanshan District, Shenzhen, PRC	PRC

Further information of the Directors are disclosed in the section headed “Directors and Senior Management” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	Quam Capital Limited 18/F, China Building 29 Queen's Road Central Hong Kong
Sole Global Coordinator and Sole Bookrunner	China International Capital Corporation Hong Kong Securities Limited 29th Floor, One International Finance Center 1 Harbour View Street Central Hong Kong
Joint Lead Managers	China International Capital Corporation Hong Kong Securities Limited 29th Floor, One International Finance Center 1 Harbour View Street Central Hong Kong Quam Securities Company Limited 18/F, China Building 29 Queen's Road Central Hong Kong
Financial advisor to our company	China International Capital Corporation Hong Kong Securities Limited 29th Floor, One International Finance Center 1 Harbour View Street Central Hong Kong
Legal advisors to our company	<i>as to Hong Kong law:</i> Latham & Watkins 18th Floor, One Exchange Square 8 Connaught Place Central Hong Kong <i>as to PRC law:</i> King & Wood Mallesons 28 Floor, Landmark 4028 Jintian Road Futian District Shenzhen, Guangdong Province 518026 PRC

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

	<i>as to Cayman Islands law:</i> Maples and Calder 53rd Floor, The Center 99 Queen's Road Central Hong Kong
Legal advisors to the Sole Sponsor and the Underwriters	<i>as to Hong Kong law:</i> Sidley Austin Level 39, Two International Finance Centre 8 Finance Street Central Hong Kong
	<i>as to PRC law:</i> Jingtian & Gongcheng 34/F Tower 3 China Central Place 77 Jianguo Road, Chaoyang District Beijing PRC
Auditor and reporting accountant	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35/F, One Pacific Place 88 Queensway Hong Kong
Industry consultant	CCID Consulting Co., Ltd. 10/F, CCID Plaza 66 Zizhuyuan Road, Haidian District Beijing PRC
Compliance advisor	Quam Capital Limited 18/F, China Building 29 Queen's Road Central Hong Kong
Receiving bank	Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street Central Hong Kong

CORPORATE INFORMATION

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
Joint company secretaries	Ms. Ouyang Jiejiao (歐陽戒驕) Room 1005, Block 11, Xiangli Garden, Futian district, Shenzhen, PRC (a member of the Association of Chartered Certified Accountants) Ms. Wong Wai Ling (黃慧玲), ACS, ACIS 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
Compliance advisor	Quam Capital Limited 18/F, China Building 29 Queen's Road Central Hong Kong
Company's website	www.nnk.com.hk (The information contained in the website does not form a part of this prospectus.)
Authorized representatives	Mr. Huang Junmou (黃俊謀) Room 2213, 22 Floor, Sungang Building, Luohu District, Shenzhen, PRC Ms. Wong Wai Ling (黃慧玲), ACS, ACIS 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
Audit committee	Ms. Zhao Jinlin (趙晉琳) (chairwoman), Mr. Qian Haomin (錢昊旻), Mr. Lin Zhangxi (林漳希)
Remuneration committee	Mr. Lin Zhangxi (林漳希) (chairman), Mr. Huang Junmou (黃俊謀), Ms. Zhao Jinlin (趙晉琳)

CORPORATE INFORMATION

Nomination committee	Mr. Huang Junmou (黃俊謀) (chairman), Ms. Zhao Jinlin (趙晉琳), Mr. Qian Haomin (錢昊旻)
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
Principal Share Registrar	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall Cricket Square Grand Cayman, KY1-1102 Cayman Islands
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 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 Shenzhen Gaoxinyuan Sub-branch, China Everbright Bank Co., Limited No. 1088 Shennan Avenue Nanshan District Shenzhen

INDUSTRY OVERVIEW

We have derived the information and statistics set forth in this section and elsewhere in this prospectus from various official and government publications, and publicly available market research sources. In addition, this section contains information extracted from a commissioned report prepared by CCID (the “CCID Report”) for the purposes of this prospectus. We commissioned CCID, an independent industry research consulting firm based in China, to conduct an analysis of the mobile top-up service industry and related telecommunication industries in China, and produce an industry report for this prospectus. CCID provides consulting services in China. Headquartered in Beijing, CCID is listed on the Growth Enterprise Market of the Stock Exchange. The CCID Report has been prepared independently without our influence. We paid a fee of approximately RMB250,000 to CCID for the industry report. We believe the fee is consistent with market rates. Except for this report, we did not commission any other customized research report in connection with the Listing or this prospectus.

The industry report was issued in April 2015 by CCID who has knowledge of the mobile top-up service industry and related telecommunication industries in China, and the forecasts and major assumptions were based on CCID’s analysis of historical data and trends.

To provide an analysis of the market in which we operate, CCID combined both primary and secondary research by applying its macro-economic outlook and its understanding of the development of the industry. Data collection was carried out by CCID based on its knowledge of China’s mobile top-up service industry and related telecommunication industries in China. Secondary sources, such as company reports and historical market data, were identified through the analysis of data prepared by various governmental authorities and industry associations, such as the MIIT. In preparing its report, CCID also conducted interviews with industry participants and industry experts to support its forecast model. The interviews also served as a method of cross-checking and data verification. Market forecasts represent CCID’s view on the future development of the China’s mobile top-up service industry and related telecommunication industries in China based on key drivers of market demand.

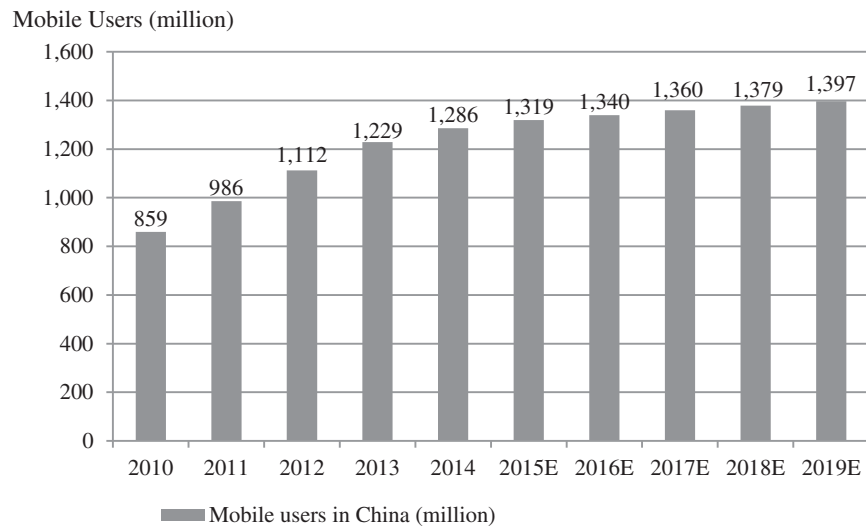
Our Directors confirm after taking reasonable care that there has been no adverse change in the market information since the date of the report prepared by CCID which may materially qualify, contradict or have a material impact on the information set out in this section. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, the information has not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers or their respective directors or any other person involved in the Global Offering. The information extracted from the CCID report reflects estimates of market conditions based on samples, and is prepared primarily as a market research tool. References to CCID should not be considered as reflecting CCID’s opinion as to the value of any security or the advisability of investing in us. The information and statistics in this section may not be consistent with information available from other sources within or outside the PRC. Neither we, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers or their respective directors nor any other person involved in the Global Offering make any representation as to the accuracy, completeness or fairness of such information from official government and non-official sources and, accordingly, you should not unduly rely on such information. For a discussion of risks relating to our industry, see “Risk Factors — Risks Relating to Our Industry.”

INDUSTRY OVERVIEW

OVERVIEW OF THE PRC MOBILE PHONE MARKET

China has the largest mobile phone market in the world. Over the past few years, China's mobile phone market has grown significantly, as demonstrated by the number of mobile users and the mobile phone penetration rate in China. The number of mobile users in China increased from 859 million in 2010 to approximately 1.3 billion in 2014, and is expected to reach approximately 1.4 billion in 2019, according to the CCID Report. In addition, the mobile phone penetration rate in China grew significantly from 64.4 mobile phones per one hundred people in 2010 to 94.5 mobile phones per one hundred people in 2014. According to the CCID Report, the global mobile phone penetration rate increased from 78.0 mobile phones per hundred people in 2010 to 96.4 mobile phones per hundred people in 2014, and the mobile phone penetration rate in developed countries increased from 114.2 mobile phones per hundred people in 2010 to 125.8 mobile phones per hundred people in 2014.

The following chart sets forth the number of mobile users in China for the years indicated.



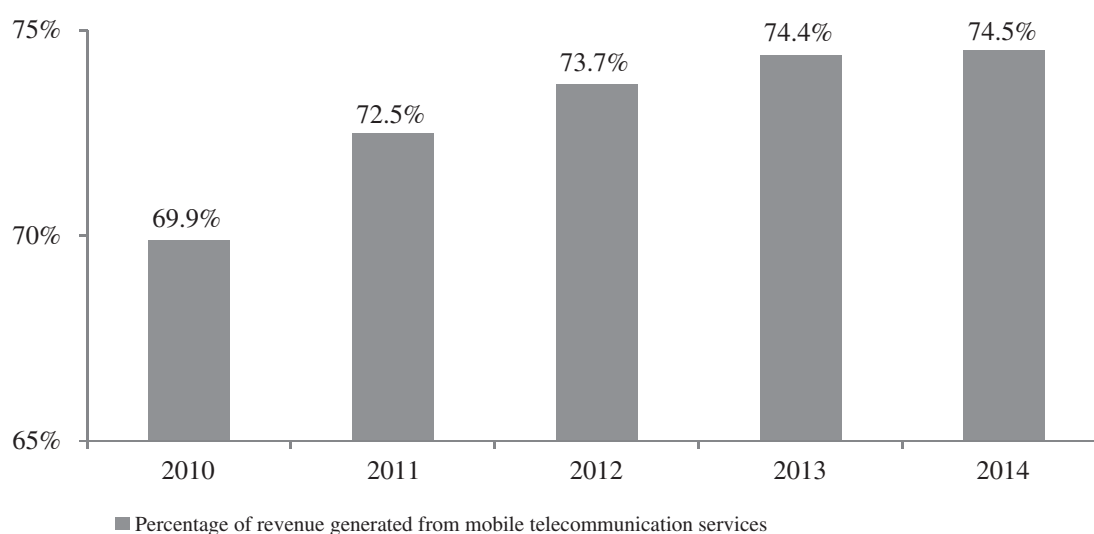
Source: CCID Report

INDUSTRY OVERVIEW

OVERVIEW OF THE PRC MOBILE TELECOMMUNICATION MARKET

Due to the tremendous mobile users and in line with the expansion of 3G and 4G networks and the popularity of smartphones, mobile telecommunication services in China have been playing an increasingly important role. Revenue generated from mobile telecommunication services accounted for 69.9% of the whole telecommunication services market, comprising mobile telecommunication services and fixed-line telecommunication services provided by the PRC telecommunication operators, in 2010 and such proportion increased to 74.5% in 2014.

The following chart sets forth the percentage of revenue generated from mobile telecommunication services for the years indicated.

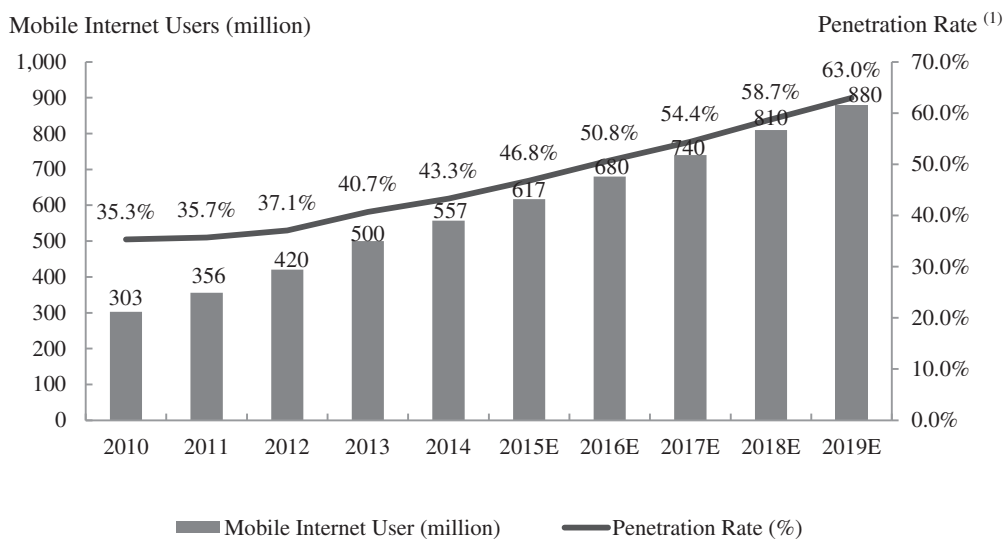


Source: CCID Report

INDUSTRY OVERVIEW

OVERVIEW OF THE PRC MOBILE INTERNET MARKET

In 2014, China's Internet population reached 649 million, representing a CAGR of 9.2% from 457 million in 2010. The PRC mobile Internet market has also experienced significant growth in recent years primarily driven by the rise of 3G and 4G networks, the development of wireless networks and the decreasing cost of smartphones. According to the CCID Report, the number of PRC mobile Internet users reached 557 million in 2014, representing a CAGR of 16.4% from 303 million in 2010, and is forecasted to further increase to 880 million in 2019. The penetration rate of mobile Internet users rose from 35.3% in 2010 to 43.3% in 2014 and is expected to reach 63.0% in 2019. The following chart sets forth the number of mobile Internet users and the mobile Internet penetration rate for the years indicated:

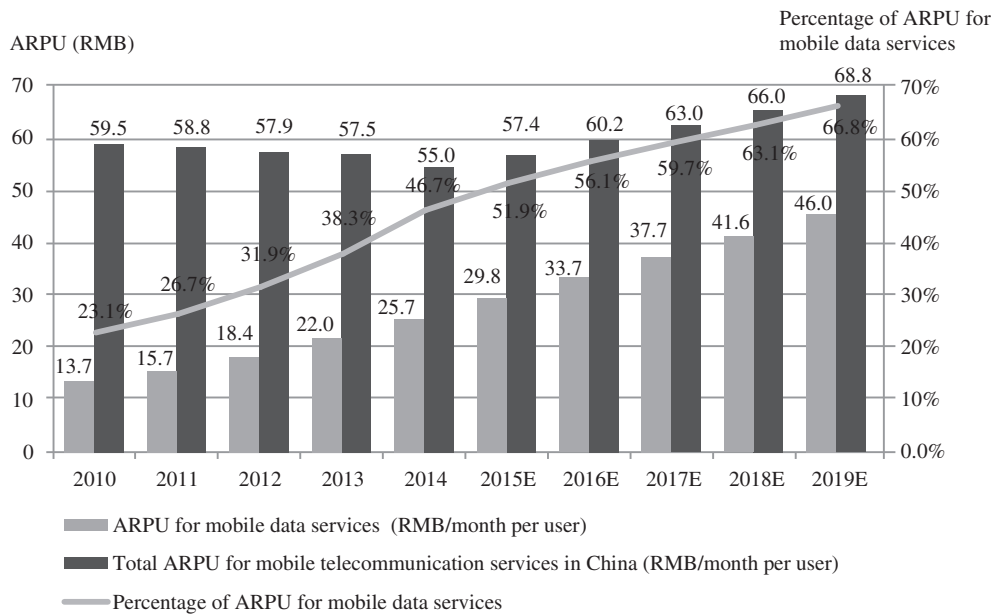


(1) The mobile Internet penetration rate is calculated by dividing the number of mobile Internet users by the number of mobile users in China.

Source: CCID Report

INDUSTRY OVERVIEW

The average revenue per user (the “ARPU”) for mobile data services grew from RMB13.7 in 2010 to RMB25.7 in 2014, representing a CAGR of 17.0%, and is expected to reach RMB46.0 in 2019, representing a CAGR of 12.3% from 2014, according to CCID. The following chart sets forth ARPU for the years indicated.



Source: CCID Report

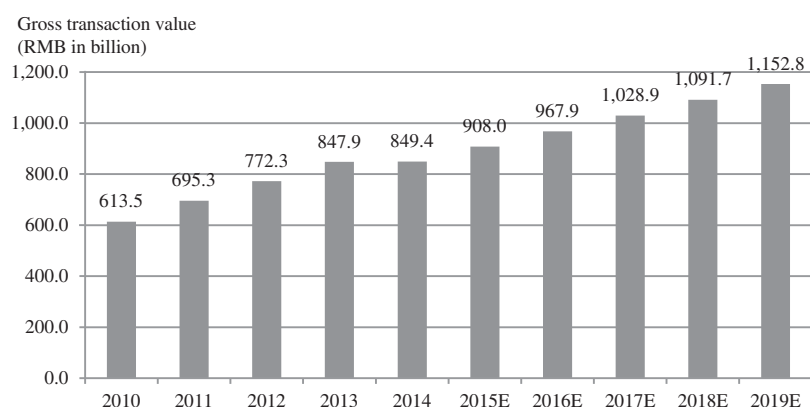
In November 2013, the MIIT issued 4G licenses to the three PRC telecommunication operators. In 2014, the number of 4G mobile users reached approximately 97.3 million. CCID believes that the continued rollout of 3G and 4G networks and the development of related mobile infrastructure, allowing mobile users to have easy, fast and secure mobile connections to the Internet, will drive the growth of the mobile Internet market in China. It is also expected that mobile data services will contribute to an increasing portion of the revenue of the PRC telecommunication operators.

INDUSTRY OVERVIEW

THE PRC MOBILE TOP-UP MARKET

Overview

According to the CCID Report, the gross transaction value of the PRC mobile top-up market increased from approximately RMB613.5 billion in 2010 to approximately RMB849.4 billion in 2014, representing a CAGR of 8.5%, and is expected to reach RMB1,152.8 billion in 2019, representing a CAGR of 6.3% from 2014. The chart below sets forth the market size of the PRC mobile top-up market for the years indicated.



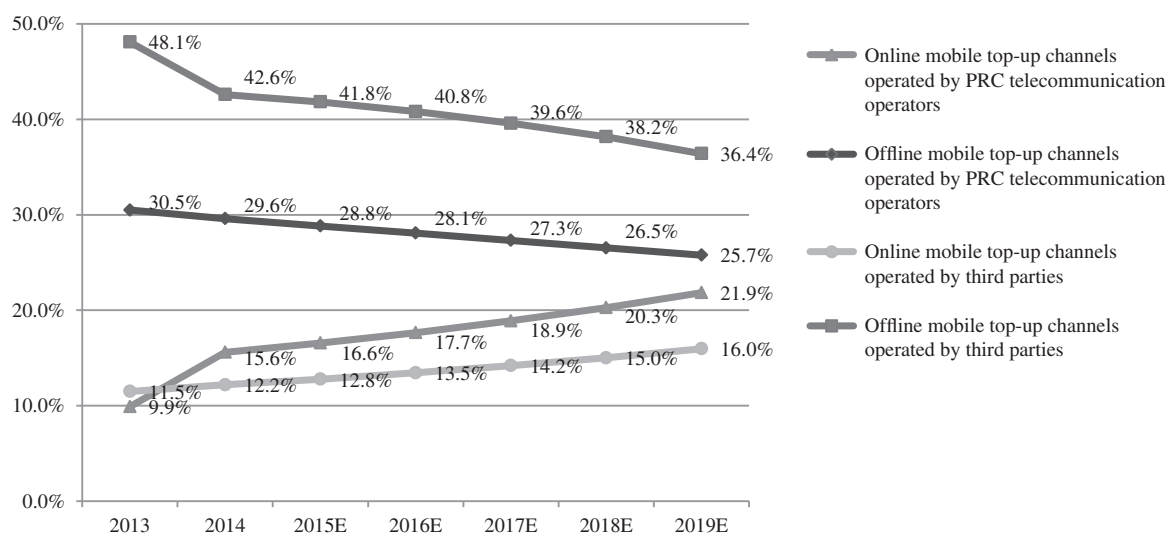
Source: CCID Report

Mobile top-up service channels

Mobile top-up service channels in China can be classified into two categories: (i) channels provided by PRC telecommunication operators and (ii) third-party top-up channels, including channels operated by top-up service providers. PRC telecommunication operator and third-party top-up channels can be further divided into online and offline channels. According to the CCID Report, in 2014, revenue derived from channels maintained by PRC telecommunication operators accounted for 45.2% of the total revenue from mobile top-up services. PRC telecommunication operators derived 15.6% of the top-up service revenue from online channels and 29.6% from offline channels. Third-party top-up channels accounted for 54.8% of total mobile top-up revenue. Third-party providers derived 12.2% of the top-up service revenue from online channels and 42.6% from offline channels. It is forecasted in 2019, the revenue derived from channels maintained by PRC telecommunication operators will account for 47.6% of the total revenue from mobile top-up services. PRC telecommunication operators will derive 21.9% of the top-up service revenue from online channels and 25.7% from offline channels. Third-party top-up channels will account for 52.4% of total mobile top-up revenue. Third-party providers will derive 16.0% of the top-up service revenue from online channels and 36.4% from offline channels, according to CCID report. Although revenue from offline channels represented 72.2% of the total revenue derived from all the channels in 2014, CCID believes that mobile top-up services through online channels represents the future trend in the mobile top-up service industry.

INDUSTRY OVERVIEW

The following chart sets forth the percentage of revenue derived from different top-up channels for the years indicated.



Source: CCID Report

Set out below are (i) the gross transaction value and (ii) the growth in gross transaction value as compared to the previous year, derived from different top-up channels for the years indicated.

(in RMB billion) (approximate)	2014 (actual)	2015E	2016E	2017E	2018E	2019E
Channels operated by PRC telecommunication operators						
Online mobile top-up channels	132.5 (57.90%)	150.5 (13.50%)	170.9 (13.60%)	194.5 (13.80%)	221.3 (13.80%)	251.9 (13.80%)
Offline mobile top-up channels.....	251.4 (-2.80%)	261.8 (4.10%)	271.8 (3.80%)	281.1 (3.40%)	289.6 (3.00%)	297.1 (2.60%)
Channels operated by third parties						
Online mobile top-up channels	103.6 (6.30%)	116 (12.00%)	130.2 (12.20%)	146.1 (12.20%)	164 (12.20%)	184.1 (12.30%)
- Banking top-up channels	21.0 (N/A)	23.5 (11.90%)	26.2 (11.50%)	29.2 (11.50%)	32.5 (11.30%)	36.1 (11.10%)
- Non-banking top-up channels.....	82.6 (N/A)	92.5 (12.00%)	104 (12.40%)	116.9 (12.40%)	131.5 (12.50%)	148 (12.60%)
Offline mobile top-up channels.....	361.9 (-11.30%)	379.7 (4.90%)	395 (4.00%)	407.2 (3.10%)	416.8 (2.30%)	419.7 (0.70%)
Total:.....	849.4 (0.20%)	908 (6.90%)	967.9 (6.60%)	1028.9 (6.30%)	1091.7 (6.10%)	1152.8 (5.60%)

Source: CCID Report

Note: The percentage in bracket denote year-on-year growth rate

INDUSTRY OVERVIEW

Online mobile top-up channels operated by PRC telecommunication operators

The PRC telecommunication operators primarily provide online top-up services through their Internet and mobile Internet portals. To top up their mobile accounts, mobile users can input their mobile phone numbers and top-up amounts through the websites operated by the PRC telecommunication operators, and make online payments using bank cards. Although such online channels provide convenient access to mobile users, online payment transactions through the portals maintained by the PRC telecommunication operators involve security concerns. According to the CCID Report, revenue derived from online mobile top-up channels of the PRC telecommunication operators reached approximately RMB132.5 billion in 2014, representing approximately 15.6% of total revenue from all mobile top-up channels, and is expected to reach approximately RMB251.9 billion, accounting for approximately 21.9% of total revenue from all mobile top-up channels in 2019.

Offline mobile top-up channels operated by PRC telecommunication operators

Offline top-up channels operated by the PRC telecommunication operators include autopay arrangements with banks, payment at branches of the PRC telecommunication operators and payment at self-service terminals of the PRC telecommunication operators. According to the CCID Report, in 2014, revenue derived from offline mobile top-up channels operated by PRC telecommunication operators reached RMB251.4 billion, representing approximately 29.6% of total revenue from all the mobile top-up channels, and is expected to reach approximately RMB297.1 billion, accounting for approximately 25.7% of total revenue from all the mobile top-up channels, in 2019.

Autopay arrangements with banks

Some PRC banks provide autopay services in connection with the payment of mobile services to the PRC telecommunication operators. Mobile users with bank accounts with PRC banks that have cooperative relationships with the PRC telecommunication operators can authorize the banks to make withdrawals from their bank accounts to pay the monthly bills for their mobile phones. Although the autopay arrangement appears to be a simple and efficient way for mobile users to pay their monthly mobile bills, many mobile users want to check the amount of charges before they make the payment and are reluctant to use autopay arrangements.

Payment at branches of the PRC telecommunication operators

Mobile users can also top up their mobile accounts at branches of the PRC telecommunication operators by cash or using bank cards. While mobile users can obtain comprehensive and professional services provided by dedicated personnel at the branches, mobile users need to be physically present for such services. In addition, the PRC telecommunication operators need to spend significant time and incur substantial costs to build and expand their branch network.

INDUSTRY OVERVIEW

Payment at self-service terminals of the PRC telecommunication operators

Mobile users can top up their mobile accounts at self-service terminals operated by the PRC telecommunication operators at their branches, convenience stores, metro stations and other public places. This enables the PRC telecommunication operators to reach a wide range of customers and provide 24-hour top-up services. However, this channel also requires substantial investment in the installment and maintenance of self-service terminals by the PRC telecommunication operators.

Third party online mobile top-up channels

Third party online mobile top-up channels include e-commerce platforms and online banking top-up channels. According to the CCID Report, in 2014, revenue from online mobile top-up channels maintained by third parties reached approximately RMB103.6 billion, representing approximately 12.2% of total revenue from all the mobile top-up channels, and is expected to reach approximately RMB184.1 billion, accounting for approximately 16.0% of the total revenue from all the mobile top-up channels, in 2019.

Top-up channel through e-commerce platforms

Recently, various e-commerce platforms, such as Taobao, Wechat and JD.com, have begun to offer mobile top-up services. E-commerce platform operators often provide discounts to generate a large amount of traffic to their platforms. With the development of mobile data services and the increasing maturity of e-commerce platforms, it is expected that an increasing number of mobile users will use this new top-up channel.

Online banking top-up channels

Mobile users can top up their mobile accounts through online electronic banking systems operated by PRC banks, including mobile phone banking systems, telephone banking systems, ATMs and other electronic banking systems. Since 1997, when the first Internet banking system was launched, online banking payments have grown significantly. According to the CCID report, revenue derived from online banking top-up channels was RMB21 billion in 2014, representing approximately 2.5% of the PRC mobile top-up market, and is expected to grow 11.5% each year for the following five years. Facing challenges from e-commerce platform operators, many banks have established their own electronic banking systems to provide online banking services to their customers. As of January 2014, all of the Five Largest State-owned Commercial Banks had set up their own electronic banking systems. Online banking top-up channels share the same advantages as e-commerce platform top-up channels and possess some unique advantages, such as high recognition from users and the reliability of online banking systems.

Third party offline mobile top-up channels

The PRC telecommunication operators also engage third-party distributors to provide mobile top-up services. The PRC telecommunication operators usually enter into profit sharing arrangements with the third-party distributors. Through the extensive network of these third-party distributors, the PRC telecommunication operators can reach more mobile users and reduce the risk and cost of

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operating their own branches or self-service terminals. Offline third-party distributors include convenience stores, newsstands and agency branches. According to the CCID Report, in 2014, revenue derived from third party offline mobile top-up channels reached approximately RMB361.8 billion, representing approximately 42.6% of the total revenue from all mobile top-up channels, and is expected to reach approximately RMB419.7 billion, accounting for approximately 36.4% of the total revenues from all the mobile top-up channels, in 2019.

Fluctuations in the price of mobile top-up credits

The price of mobile top-up credits had been stable during the past few years. The PRC telecommunication operators usually offer a discount to distributors of mobile top-up cards and mobile top-up service providers. According to CCID, the discount offered by the PRC telecommunication operators to their distributors ranges from 1.0% to 2.5% and CCID expects that relatively stable in the next two years. In 2014, China Unicom offered a discount of approximately 1.5% to distributors of virtual mobile top-up cards and approximately 2.5% to distributors of scratch mobile top-up cards and China Telecom offered a discount of approximately 2.0% to distributors of mobile top-up cards. China Mobile offered a slightly lower discount to distributors of mobile top-up cards than that offered by China Unicom.

Competitive Landscape

The PRC mobile top-up market is highly competitive and fragmented with numerous market players. Generally, sales revenue and transaction volume of these market players are not publicly available. Therefore, the information on our Group's market ranking in the mobile top-up service industry in China in terms of the sales revenue and transaction volume is unavailable. However, the online banking top-up market is comparatively concentrated. The major market players include Shenzhen NNK, Yeepay Co., Ltd., Beijing Tianjiyilian Technology Co., Ltd., Beijing Ether GNS Technology Co., Ltd., E-Banking Information of China and Shanghai 99 Bill Information Service Co., Ltd. In 2014, Shenzhen NNK had a market share of 61.5% in terms of transaction volume among providers of mobile top-up services through electronic banking systems in China, according to CCID.

Entry Barrier

CCID believes that the success of PRC mobile top-up service providers depends on, among other things, their cooperative relationship with the PRC banks and the three leading PRC telecommunication operators, capital resources, market insight, strong technological capability and high-quality customer service. For instance, to provide top-up services through online banking top-up channels, providers must maintain strong relationships with PRC banks and possess advanced technology and superior customer service to meet the stringent requirements set by PRC banks and PRC telecommunication operators. We believe when a PRC bank has established relationships with a mobile top-up service provider, this creates a barrier to entry for other service providers for various reasons, including cost and complexity of system installations and software upgrades and security concerns.

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Key Growth Drivers for the PRC Mobile Top-up Market

According to the CCID Report, the rapid development of the PRC mobile top-up market is primarily attributable to the following factors:

Increasing mobile users of mobile data services. Driven by the continuous development of mobile technology, network infrastructure and mobile Internet applications, the frequency and amount of time spent on mobile data services grew significantly in the past few years. The number of mobile users of mobile data services increased from 303 million in 2010 to 557 million in 2014, representing a CAGR of 16.4%, and is expected to further increase to 880 million in 2019, representing a CAGR of 9.6% from 2014. CCID believes that the expansion of the mobile data user base and the increasing time they spend on mobile phones will drive the demand for mobile top-up services in China.

Conducive regulatory environment. The PRC mobile top-up market has benefited from conducive policies adopted by the PRC regulatory authorities. For example, on August 14, 2013, the State Council issued Several Opinions on Promoting Information Consumption to Expand Domestic Demand to encourage public-sector and household spending on information consumption. Such consumption experienced fast growth in the first-half of 2014 and reached RMB1.34 trillion as of June 30, 2014, representing an increase of 20% as compared to the corresponding period in 2013.

According to the MIIT, information consumption revenue is expected to exceed RMB3.2 trillion in 2015 according to the opinions issued by the State Council. CCID believes that the consumption volume and these regulations will facilitate the development of the PRC mobile top-up market and provide tremendous business opportunities to top-up service providers.

Introduction of mobile virtual network operators. In January 2013, the MIIT promulgated the Trial Scheme for the Mobile Telecommunication Resale Business, allowing qualified telecommunication service providers, which do not own their own wireless network infrastructure, to repackage and rebrand mobile telecommunication services they purchase from the three PRC telecommunication operators and resell these services to their customers. The large customer base of the mobile virtual network operators, together with the development of 3G networks and the introduction of 4G technology will further expand the mobile top-up market. In addition, the new top-up channel provided by mobile virtual network operators is expected to create more businesses for the PRC mobile top-up service providers.

The enhancement of mobile phone functions and the monetization of the mobile phone market. Mobile phone is gradually changing from a single communication tool into a portal comprising comprehensive value-added services, including online payments, mobile games and O2O services. The emergence of new business models, such as O2O services, has provided new impetus to the innovation of mobile phone applications. The increasing variety and quality of mobile phone applications have provided consumers with convenience, unprecedented mobile experience and new ideas. All these in turn drive consumers' demand for mobile phone applications, improve customer loyalty and increase the time customers spend on mobile phones, which stimulates demand for other value-added services, including mobile top-up services.

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Outlook for the PRC Mobile Top-up Market

Increasing importance of mobile data top-up services

With an unprecedented increase of Internet users in recent years and the development of Internet technology, services and applications available to customers, such as short message services, instant messaging, multimedia messaging, email and mobile entertainment, have significantly expanded. According to the CCID Report, the number of mobile users connected to 3G networks increased from approximately 402 million in 2013 to over 485 million in 2014, primarily as a result of improvements in the 3G network infrastructure, the expanded coverage of 3G mobile data services, the penetration of smartphones and the growth of mobile Internet applications. The number of mobile users connected to 4G networks increased to approximately 97.3 million since the emergence of 4G mobile data services in 2014. The development of the 4G network is expected to deliver faster and easier mobile Internet connectivity. The technological advancement of the mobile Internet market in China has brought about changes in consumption and payment preferences, resulting in growing demand for mobile data top-up services. We believe that mobile data top-up services will continue to show high growth potential as mobile services and applications attract customers and increase their consumption of mobile data services. In addition, the PRC telecommunication operators have taken various measures to provide flexible mobile top-up services to their customers in response to the growing demand for non-voice data services. In early 2014, the three PRC telecommunication operators began to sell mobile data top-up credits with different face values to mobile users, who can use such credits to utilize data services provided by the PRC telecommunication operators. It is expected that the flexible and diversified data top-up credit packages offered by the PRC telecommunication operators will further drive the growth of mobile data top-up services.

Increasing demand for online mobile top-up services

According to the CCID Report, revenue derived from online channels represented approximately 27.8% of the revenue derived from all mobile top-up channels in 2014, and is expected to increase to approximately 37.9% in 2019, representing a CAGR of 13.1%. CCID further projects that revenue derived from electronic banking systems maintained by PRC banks will increase at approximately 12% each year over the following five years.

As the Internet market continues to develop and improve, we expect that demand for online top-up services will increase in the future, which will drive the growth of the mobile top-up service industry.

Key Challenges to the PRC Mobile Top-up Market

Challenges from Over-the-Top Products

The players in the traditional mobile top-up market face challenges from Internet service providers, such as Google, Apple, Microsoft and Tencent, who utilize the network of telecommunication operators to offer over-the-top (OTT) applications to their customers. The emerging Internet telecommunication tools feature inexpensive and multi-functional services. For example, many public venues provide free WiFi connections, allowing mobile users to access the

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Internet without using cellular data. In addition, network social activities may be organized by means of audio or even video communication through terminal equipment with applications such as QQ, WeChat, Skype and WhatsApp. The cost of these communication means are remarkably lower than traditional ones. Some mobile users may discontinue using traditional telecommunication tools and choose inexpensive OTT products. OTT products are becoming a challenge for the traditional telecommunication operators and mobile top-up service providers.

Use of top-up channels provided by the PRC telecommunication operators

The PRC telecommunication operators provide mobile top-up services through both online and offline channels. According to the CCID Report, revenue derived from these channels represented 45.2% of the mobile top-up market in 2014, and is projected to grow to 47.6% by 2019. As the PRC telecommunication operators are expanding their online top-up channels, an increasing number of mobile users may reduce their reliance on specialized mobile top-up service providers like us. However, because the PRC telecommunication operators face various challenges in connection with providing mobile top-up services, including increased operating costs, low operating efficiency and low profit margin, CCID expects that the PRC telecommunication operators will continue to seek to partner with specialized top-up service providers like us to provide mobile top-up services to their customers to complement their own top-up service channels.

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LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT ENTERPRISES ESTABLISHMENT AND OPERATION

Regulations on foreign investment enterprises establishment

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the People's Republic of China (《中華人民共和國公司法》) (“PRC Company Law”), as amended on October 27, 2005 and December 28, 2013. According to the PRC Company Law, companies established in the PRC are categorized as limited liability companies and joint stock limited companies. The PRC Company Law is applicable to both PRC domestic companies and foreign invested companies. However, if no provision of the PRC Company Law governs the foreign invested companies, other relevant PRC laws and regulations shall be applicable.

Under the PRC Company Law, there are several obligations that a company needs to comply with, including:

- keeping proper books and accounts;
- in case of winding up, reduce in share capital, merger or separation, a company must notice all its creditors and other procedural rules;
- statutory provident fund can only be used in accordance with the relevant rules; and
- cannot suspend operation for more than 6 consecutive months.

Non-compliance with the above provision commits an offence and different level of penalties will be imposed with a fine up to RMB500,000 and suspension of operating license.

The establishment, approvals, registered capital, foreign exchange, accounting convention and taxation and labor matters of the wholly foreign-owned enterprises shall be governed by the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法》) promulgated on April 12, 1986 and amended on October 31, 2000, and the Implementation Regulation of the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法實施細則》) promulgated on December 12, 1990, amended on April 12, 2001 and February 19, 2014.

LAWS AND REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATIONS SERVICES AND INTERNET INFORMATION SERVICES

Regulations on value-added telecommunications services

The Regulation on Telecommunications of the PRC (《中華人民共和國電信條例》) was promulgated by the State Council on September 25, 2000, the State categorizes the telecommunication services in China as basic telecommunications services and value-added telecommunications services.

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“Value-added telecommunications services” (增值電信業務) means the telecommunications and information services provided through the public network infrastructure. A value-added telecommunication services provider in China must obtain an operating license from the State Council’s department in charge of the information industry, or its provincial-level counterparts.

Under the Regulation on Telecommunications of the PRC (《中華人民共和國電信條例》), a company is prohibited to:

- forge, transfer or use third party’s operating license; and
- operate telecommunication business without license or act out of the business scope allowed by the license.

Failing to comply with the above regulations is liable to various level of penalties including confiscation of the unlawful income earned, a fine up to RMB1,000,000 or suspension of business.

On the same date, the Administrative Rules on Internet Information Services (《互聯網信息服務管理辦法》) (the “Administrative Rules”) was also promulgated by the State Council. Pursuant to the Administrative Rules, “commercial Internet information services” (經營性互聯網信息服務) means services provided through the Internet such as compensated provision of information services or website production to online subscribers. In addition to meeting the requirements of Regulation on Telecommunications of the PRC (《中華人民共和國電信條例》), certain conditions shall be met in order to engage in the provision of commercial Internet information services, which include having a business development plan and a relevant technical plan, having sound safeguard measures to ensure network and information security, including procedures to ensure website security, a system to manage the security and confidentiality of information and a system to manage the security of subscriber’s information; and in connection with provision of Internet information services in respect of news, publishing, education, medical treatment, health, pharmaceuticals or medical apparatus, etc. stipulated in the regulation, written consent of the relevant competent authority shall have been obtained. Anyone wishing to engage in the provision from commercial Internet information services shall apply to the telecommunications administration authority of the province, autonomous region or municipality directly under the central government or the State Council’s department in charge of the information industry for an Internet Information Services Value-added Telecommunications Service Operating Permit (互聯網信息服務《增值電信業務經營許可證》) (the “ICP licence”).

Under the Administrative Rules on Internet Information Services (《互聯網信息服務管理辦法》), a company should not:

- engage in commercial Internet information services without permit or acting out of the business scope allowed under the permit;
- keep all records including content, time of release, Internet address of the Internet information for not less than 60 days;
- release contents that violate basic principles of the Constitution of the PRC; and

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- fail to show its operating permit of the website.

Any violation of the above provision commits an offence resulting in different level of penalties including confiscation of the unlawful income earned, a fine up to RMB1,000,000 or suspension of business.

The Administrative Rules on Licensing of Provision of Telecommunication Services (《電信業務經營許可管理辦法》) was promulgated by the MIIT on March 1, 2009 and became effective on April 10, 2009, pursuant to which, an operating permit shall be obtained from the telecommunications administration authority in order to engage in telecommunications services. The Administrative Rules on Licensing of Provision of Telecommunication Services (《電信業務經營許可管理辦法》) distinguish between permits for business conducted in a single province, which are issued by the provincial-level counterparts of the MIIT, and permits for cross-province businesses, which are issued by the MIIT. In order to engage in value-added telecommunications services, certain conditions shall be met, including but not limited to an operator legally established as a company, having funds and professional staff commensurate with operating activities to be conducted, a minimum amount of registered capital of RMB1 million or RMB10 millions for business to be carried on within one province, autonomous region or municipality directly under the central government or the whole country, trans-administrative regions of provinces, autonomous regions and, or municipalities directly under the central government, no illegal records of violating relevant supervision and management systems of telecommunications in connection with the company, its principal investors or management in the preceding three years, and so forth. A cross-province Internet Information Services Value-added Telecommunications Service Operating Permit shall be reviewed and approved by the MIIT, and an Internet Information Services Value-added Telecommunications Service Operating Permit within a province, autonomous region or municipality directly under the central government shall be reviewed and approved by the communications administration of the province, autonomous region or municipality directly under the central government.

Regulations relating to foreign investments in value-added telecommunications industry

Current PRC laws, rules and regulations impose regulatory restrictions on foreign ownership of companies that engage in value-added telecommunications services in China, including the provision of Internet information services.

Pursuant to the Catalogue for the Guidance of Foreign Investment Industries (revised in 2015) (《外商投資產業指導目錄(2015修訂)》) (the “Catalogue”) jointly promulgated by MOFCOM and NDRC on March 10, 2015, effective from April 10, 2015, the foreign investment industries are divided into four categories in terms of foreign investment, which are “encouraged,” “restricted,” “prohibited” and all industries not listed under one of these categories are deemed to be “permitted.” According to the Catalogue, the value-added telecommunication services (including commercial Internet information services) are classified as industries in which foreign investors are restricted from investing, in which the proportion of foreign investment shall not exceed 50% (Operational E-commerce Business excepted).

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Pursuant to the Administrative Rules for Foreign Investments in Telecommunications Enterprises (revised in 2008) (《外商投資電信企業管理規定》(2008年修訂)) which was promulgated by the State Council on December 11, 2001 and amended on September 10, 2008, foreign investors' ultimate equity ownership in a Chinese entity engaged in providing value-added telecommunication services may not exceed 50% and a foreign investor wishing to acquire any equity interest of Chinese companies engaged in value-added telecommunication business or jointly carry out value-added telecommunication services with Chinese companies must demonstrated good track record and experience in providing value-added telecommunication services overseas, provided such investor is a major one among the foreign investors investing in a value-added telecommunications enterprise in China.

In July 2006, the MIIT publicly released the Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》), (the "MIIT Notice"), pursuant to which, if any foreign investor intends to invest in telecommunications business in China, a foreign-invested telecommunications enterprise must be established and such enterprise must apply for the relevant telecommunications business operation licenses. Furthermore, under the MIIT Notice, domestic telecommunications enterprises may not rent, transfer or sell a telecommunications business operation license to foreign investors in any form, nor may they provide any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China. In addition, under the MIIT Notice, the Internet domain names and registered trademarks used by a foreign-invested value-added telecommunication service operator shall be legally owned by that operator (or its shareholders).

Regulations on Internet security

On December 16, 1997, the Ministry of Public Security issued the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》), which prohibit using the Internet in ways which, among others, result in a leakage of state secrets or a spread of socially destabilizing content.

The Decision Regarding the Protection of the Internet Security (《關於維護互聯網安全的決定》) was promulgated by the Standing Committee of the National People's Congress on December 28, 2000, which provides that the following activities, among others, shall be subject to criminal punishment:

- Intrusion of computers or systems which are of strategic importance;
- Dissemination of politically disruptive information or obscenities on the Internet;
- stealing and divulging national secrets or military secrets;
- spread of false commercial or other illegal information on the Internet;
- infringement of third-party intellectual property rights on the Internet; and

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- infringement of reputation, privacy and property rights of citizens on the Internet.

On December 13, 2005, the Ministry of Public Security issued the Regulations on Technological Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) (the “Internet Protection Measures”), which took effect from March 1, 2006. The Internet Protection Measures require internet service providers to take proper measures including anti-virus, data back-up and other related measures, and keep records of certain information about its users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, and detect illegal information, stop transmission of such information, and keep relevant records. Internet service providers are prohibited from unauthorized disclosure of users’ information to any third parties unless such disclosure is required by the laws and regulations. They are further required to establish management systems and take technological measures to safeguard the freedom and secrecy of the users’ correspondences.

In December 2012, the Standing Committee of the PRC National People’s Congress promulgated the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》) to enhance the legal protection of information security and privacy on the internet. In July 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) to regulate the collection and use of users’ personal information in the provision of telecommunication service and internet information service in China. Telecommunication business operators and internet service providers must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant citizens, and keep the collected personal information confidential. Telecommunication business operators and internet service providers are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. Telecommunication business operators and internet service providers are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHT

Laws and regulations on trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) was promulgated by the National People’s Congress on August 23, 1982 and amended in 1993, 2001 and 2013, the purpose of which is to strengthen trademark administration, protect trademark exclusive rights, safeguard trademark credit in order to protect the rights of consumers, producers and operators. The PRC Trademark Office is responsible for the registration and administration of trademarks throughout China. The PRC Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark shall not prejudice the existing right of others obtained by priority, nor shall any person register in advance a trademark that has already been used by another person and has already gained “sufficient degree of reputation” through that person’s use. After receiving an application, the PRC Trademark Office will make a public announcement if the relevant trademark passes the preliminary examination. Any person may,

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within three months after such public announcement, file an opposition against a trademark that has passed a preliminary examination. The PRC Trademark Office's decisions on rejection, opposition or cancellation of an application may be appealed to the PRC Trademark Review and Adjudication Board, whose decision may be further appealed through judicial proceedings. If no opposition is filed within three months after the public announcement period or if the opposition has been overruled, the PRC Trademark Office will approve the registration and issue a registration certificate, upon which the trademark is registered and will be effective for a renewable ten-year period, unless otherwise revoked.

Under the Trademark Law of the PRC (《中華人民共和國商標法》), the Trademark Office may order a company to make amendments or suspend its trademark registration if a company (i) changes the registered trademark without approval the Trademark Office; (ii) changes the registered owner, address or other registered particulars of the trademark without approval the Trademark Office; (iii) transfers trademark without approval from the Trademark Office; and (iv) stops using the trademark for 3 consecutive years.

Laws and regulations on copyright

The Copyright Law of the PRC (《中華人民共和國著作權法》) was adopted by the National People's Congress on September 7, 1990 and amended in 2001 and 2010, respectively. The Copyright Law of the PRC is designed to protect copyright and copyright-related rights and interests of literary, artistic and scientific works, encouraging creating and disseminating the works that are beneficial to socialist spiritual civilization and material civilization, promoting the development and prosperity of socialist culture and sciences. The amended Copyright Law of the PRC extends copyright protection to cover Internet activities and products disseminated over the Internet. And the Chinese government also set up the Copyright Protection Center of China to administer the voluntary registration.

The Regulations on the Protection of Computer Software(《計算機軟件保護條例》) was amended by the State Council on January 30, 2013, in order to protect computer software copyright holders' rights and interests. The Rules for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) was promulgated by the China Copyright Office on February 20, 2002. Anyone publishes, revises or translates computer software without obtaining the prior approval of the computer software copyright holders who shall bear civil liability to the copyright owner because of harming the copyright. The computer software copyright is valid for a term of 50 years until December 31 of the 50th year, starting from the date as of first publication. The computer software copyright owners shall register at the registration institution authorized by the China Copyright Office to obtain computer software copyright registration certificates as a preliminary evidence of the computer software copyright being registered.

Provisions of the Supreme People's Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes over Infringement of the Right of Dissemination through Information Networks (《最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定》) provide that web players or web service providers who create works, performances or audio-video products, for which others have the right of dissemination through information networks or are available on any information network without authorization shall be deemed to have infringed upon the right of dissemination through information networks.

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Laws and regulations on domain names

The Administrative Rules on China Internet Domain Names (《中國互聯網絡域名管理辦法》) was promulgated by the MIIT on November 5, 2004. According to such administrative rules, domain name owners are required to register their domain names. The measures prohibit the registration and use of domain names with any content that may:

- (1) violate the basic principles set forth in the Constitution Law of the PRC;
- (2) jeopardize state security, disclose any State secret, subvert state authority or harm national unity;
- (3) damage national dignity or interests;
- (4) incite ethnic hatred or discrimination or damage ethnical unity;
- (5) harm State religious policies or advocate heresy or feudal superstition;
- (6) disseminate rumors, disrupt social order or sabotage social stability;
- (7) disseminate obscenity, pornography, gambling, violence, murder, terror or induce crimes;
- (8) humiliate or defame any other person, or infringe the legal interests of any other person;
or
- (9) be otherwise prohibited by the PRC laws, rules and regulations.

LAWS AND REGULATIONS RELATING TO TAXES

Laws and regulations on income tax

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT Law”) was adopted by the National People’s Congress on March 16, 2007 and became effective as of January 1, 2008. In compliance with the law, the foreign-invested enterprises and the domestic enterprises have the same income tax rate which is 25%.

According to the Notice of the State Council on the Implementation of the Transitional Preferential Policies in respect of Enterprise Income Tax (《國務院關於實施企業所得稅過渡優惠政策的通知》) which was promulgated and came into effect on December 26, 2007, commencing from January 1, 2008, enterprises that previously enjoy the preferential policies of low tax rates shall be gradually transited to enjoy the statutory tax rate within 5 years after the implementation of the EIT Law, the enterprises that previously enjoy “2-year exemption and 3-year half payment”, “5-year exemption and 5-year half payment” of the enterprise income tax and other preferential treatments in the form of periodic tax deductions and exemptions may, after the implementation of the EIT Law,

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continue to enjoy the relevant preferential treatments under the preferential measures and the time period prescribed in the former tax law, administrative regulations and relevant documents until the expiration of the said time period. The expression “enterprises enjoying the preferential policies” as mentioned above refers to the enterprises established and registered in the industrial and commercial administrative department and in other registration administrative departments prior to 16 March 2007.

According to the State Council’s Notice on policies of encouraging the software industry and integrated circuit industries (《國務院關於印發鼓勵軟件產業和集成電路產業發展若干政策的通知》) issued, adopted and became effective on June 24, 2000 and the Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries (《進一步鼓勵軟件產業和集成電路產業發展的若干政策》) adopted and became effective on January 28, 2011, the software enterprises and integrated circuit enterprises can enjoy the preferential policies of the corporate income tax named “2-year exemption and 3-year half payment” and “5-year exemption and 5-year half payment”. The preferential period starts from the first profitable year before December 31, 2017.

On February 3, 2015, the PRC State Administration of Taxation issued Circular 7 (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), which abolished certain provisions in Notice on Strengthening the Administration of Enterprise Income Tax on Non-Resident Enterprises (《關於加強非居民企業股權轉讓企業所得稅管理的通知》) (“Circular 698”), as well as certain other rules providing clarification on Circular 698. Circular 7 provided comprehensive guidelines relating to, and also heightened the PRC tax authorities’ scrutiny over, indirect transfers by a non-resident enterprise of PRC taxable assets. Under Circular 7, the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC taxable assets, when a non-resident enterprise transfers PRC taxable assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC taxable assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC enterprise income taxes and without any other reasonable commercial purpose. However, Circular 7 contains certain exemptions, including (i) where a non-resident enterprise derives income from the indirect transfer of PRC taxable assets by acquiring and selling shares of a listed overseas holding company which holds such PRC taxable assets on a public market; and (ii) where there is an indirect transfer of PRC taxable assets, but if the non-resident enterprise had directly held and disposed of such PRC taxable assets, the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement.

Laws and regulations on value added tax

According to the Interim Regulations on the Value Added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated on December 13, 1993 by the State Council, amended on November 10, 2008 and effective on January 1, 2009 and its Implementation Provisions (《中華人民共和國增值稅暫行條例實施細則》), entities and individuals engaged in the sale of goods, provision of processing services, repair and maintenance services, and the importation of goods within the territory of China shall pay value added tax. Unless otherwise expressly indicated, the applicable tax rate for the value

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added tax is 17%. For taxpayers engaged in the sales of goods or the provision of taxable services, the tax payable shall be the balance of output tax for the period after deducting the input tax for the period. The formula for computing the tax payable is as follows: Tax payable = Output tax payable for the period - Input tax for the period.

Laws and regulations on business tax

In compliance with the Interim Regulations of Business Tax of the PRC (《中華人民共和國營業稅暫行條例》) adopted on December 13, 1993, revised on November 10, 2008 and became effective on January 1, 2009, the units and individuals providing services, transferring intangible assets or selling real estate in China, shall contribute business tax as taxpayers.

Laws and regulations on urban maintenance and construction tax and education surcharge

Pursuant to the Notice of the State Council on Extending the Urban Maintenance and Construction Tax and Educational Surcharge from Chinese to Foreign-funded Enterprises and Citizens (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) promulgated on October 18, 2010, starting from December 1, 2010, the Provisional Regulations of the PRC on Urban Maintenance and Construction Tax (《中華人民共和國城市維護建設稅暫行條例》) promulgated in 1985, the Provisional Rules on Levy of Education Surcharge (《徵收教育費附加的暫行規定》) promulgated in 1986, and other regulations and rules promulgated by the State Council and other competent authorities of the relevant financial and tax authorities shall apply to foreign-invested enterprises, foreign enterprises and individual foreigners.

Pursuant to Provisional Regulations of the PRC Urban Maintenance and Construction Tax (《中華人民共和國城市維護建設稅暫行條例》) released on February 8, 1985, any entity and individual that pays consumption tax, value added tax, and business tax shall pay urban maintenance and construction tax simultaneously based on the amount of consumption tax, value added tax, and business tax actually levied on such entity and individual. If a taxpayer is located in the urban areas, the rate is 7%; if a taxpayer is located in counties and towns, the rate is 5%; and if the taxpayer is located in places other than urban areas, counties or towns, the rate is 1%.

Pursuant to Provisional Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》) promulgated on July 1, 1986, revised on August 20, 2005, effective as from October 1, 2005, the tax rate of the education surcharge is 3% based on the amount of the value-added tax, business tax, consumption tax actually levied on all entities and individuals and the education surcharge shall be paid with the foregoing taxes simultaneously.

REGULATIONS

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE AND DIVIDEND DISTRIBUTION

Laws and regulations on foreign currency exchange

The Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》) (the “Foreign Exchange Administrative Regulations”), which was promulgated on January 1996 and became effective on April 1, 1996 and amended with effect from August 5, 2008, forms an important legal basis for the PRC authorities to supervise and regulate foreign exchange.

Under the Foreign Exchange Administrative Regulations, the foreign exchange income in the capital accounts of domestic enterprises shall be deposited, in accordance with relevant State regulations, into foreign exchange accounts opened with banks designated. Any foreign exchange payment from capital account shall, in accordance with provisions enacted by State Council foreign exchange administrative department relating to foreign exchange payments and purchases, be made out of the payer’s own foreign exchange funds on the strength of valid documents or be made with foreign exchange purchased from any financial institution engaged in foreign exchange settlement and sales business. Where an approval from the relevant foreign exchange administrative authority is required in accordance with State provisions, the relevant approval formalities shall be completed before the foreign exchange payment is made. For foreign-invested enterprises wound up in accordance with the relevant laws, the amount of Renminbi that belongs to the relevant foreign investor(s) after liquidation and payment of tax pursuant to relevant State provisions may be used to purchase foreign exchange from any financial institution engaged in foreign exchange settlement and sales business in order to remit it outside the PRC.

Under the Foreign Exchange Administrative Regulations, a company shall not:

- transfer foreign exchange outside PRC violating the regulations or fraudulently transfer capital within PRC to other overseas jurisdictions;
- deposit foreign exchange to PRC violating the regulations;
- changing the foreign exchange funds or capital usage violating the regulations; and
- conduct borrowing, issue of bonds outside PRC or provide guarantee in violation to the regulations.

Non-compliance with any of these rules commits an offence and different level of penalties will be imposed and could be liable for a fine up to 30% (for severe non-compliance, up to 100%) of the amount of the unlawful fund involved above or warning from the authority.

Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without the prior approval from SAFE by complying with certain procedural requirements.

REGULATIONS

The SAFE promulgated the Circular on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (“Circular 37”) in July 2014 and a series of implementation rules and guidance, which require PRC residents to register with a relevant local office of the SAFE in connection with their direct or indirect offshore investment in an overseas special purpose vehicle for the purposes of investment and equity financing activities involving a roundtrip investment whereby the offshore entity directly established or indirectly controlled by PRC residents conducts direct investment activities, including establishing a foreign-funded enterprise or project within the territory of China through incorporating a new business, mergers and acquisitions and other forms of investment, and obtaining ownership, control, operation and management and other rights and interests. In order to guarantee offshore obligations, the PRC residents must file amendments to their initial SAFE registrations if their offshore special purpose vehicles experience material changes, including changes related to individual resident shareholder name, operating period, and other major events, such as domestic individual resident capital increase, capital reduction, share transfer or exchange, mergers or divisions. Under Circular 37, failure to comply with the registration procedures may result in fines or sanctions imposed by the PRC government, including the restriction on the payment of dividend and other distributions by the PRC subsidiary to its offshore parent, as well as restrictions on the capital inflow from the offshore parent to its PRC subsidiary.

On May 10, 2013, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (《國家外匯管理局關於印發〈外國投資者境內直接投資外匯管理規定〉及配套文件的通知》), which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration. Institutions and individuals shall register with SAFE and/or its branches for their direct investment in the PRC. Banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches. On March 30, 2015, SAFE issued the Circular of SAFE on the Reform of Administrative Approach for the Settlement of Foreign Exchange Capital Funds of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (“Circular 19”), which came into force on June 1, 2015. Circular 19 stipulates that the foreign exchange capital funds in an FIE’s capital account, which have been recognized by the local foreign exchange bureau as the interests of monetary capital contributions or registered with the relevant bank as monetary capital contributions, can be settled in banks according to such FIE’s actual business operation requirements. The provisional percentage for the voluntary settlement of foreign exchange capital funds for foreign invested enterprises is 100%. SAFE may adjust the aforesaid percentage in due course according to the situations of the balance in international payments. Furthermore, Circular 19 facilitates domestic equity investments by FIEs with funds from the settlement of foreign exchange capital.

Our PRC Legal Advisor has confirmed that each of Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua and Huang Shaowu, all being PRC residents and ultimate beneficial owners of our company, completed the SAFE registration in respect of their investments in our company in accordance with SAFE Circular 37 on November 17, 2014.

REGULATIONS

Laws and regulations on dividend distribution

Before the promulgation of the EIT Law, the principal laws and regulations governing distribution of dividends paid by wholly foreign-owned enterprises include the Wholly Foreign-owned Enterprise Law and the Implementation Regulation of the Wholly Foreign-owned Enterprise Law.

Under these laws and regulations, wholly foreign-owned enterprises in China may only pay dividends from accumulated after-tax profit, if any, determined in accordance with PRC accounting standards and regulations. Dividends paid to its foreign investors are exempt from withholding tax. However, this provision has been revoked by the EIT Law. The EIT Law prescribes a standard withholding tax rate of 20% on dividends and other China-sourced passive income of non-resident enterprises. However, the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was promulgated on December 6, 2007 and became effective on January 1, 2008, reduced the rate from 20% to 10% with the implementation date starting from January 1, 2008.

Pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得稅避免雙重徵稅和防止偷漏稅的安排》) on August 21, 2006, no more than the 5% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident, provided that the recipient is a company that holds at least 25% of the capital of the PRC company. The 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident if the recipient is a company that holds less than 25% of the capital of the PRC company.

LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL SECURITY

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) that came into force on January 1, 1995, workers are entitled to have equal opportunities in employment, selection of occupations, wages and remuneration, rest days and holidays, protection of occupational safety and health, the right to social insurance and welfare, etc. Workers shall not work for more than eight hours per day or for more than 44 hours per week on average. Employers shall establish and improve the system in relation to occupational safety and health, shall educate workers regarding occupational safety and health, and shall provide working conditions that are in compliance with the laws and regulations in relation to occupational safety and health as well as the use of applicable labor protection articles.

Under the Labor Law of the PRC (《中華人民共和國勞動法》), a company shall not:

- receive valuables from employees for guarantee or other reason;
- fail to keep register of employees; and
- violate any of the provision mentioned above.

REGULATIONS

Non-compliance with any of these rules commits an offence and different level of penalties will be imposed and a fine (for example, failure to keep register of employees may attract a fine up to RMB20,000) can be imposed by the authority.

In accordance with the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), effective from January 1, 2008, and amended on July 1, 2013, employers and employees shall enter into employment contracts to establish their employment relationship. When recruiting employees, employers are required to honestly inform the employees of their job duties, working conditions, place of work, occupational hazards, work safety conditions, remuneration and other matters which employees may be concerned with. Employers and employees shall fully perform their respective obligations in accordance with the commitments set forth in such employment contracts. Employers shall pay remuneration to employees on time and in full in accordance with the provisions set forth in the employment contracts and strictly adhere to the working quota standards, and are prohibited from compelling employees to work overtime. At the time of terminating an employment contract, the employers shall provide evidence for such termination and proceed with the procedures for the worker to transfer his/her file and social insurance relations within 15 days.

Pursuant to the Employment Promotion Law of the PRC (《中華人民共和國就業促進法》) with effect from January 1, 2008, recruitment units shall provide equal employment opportunities and fair employment conditions when recruiting employees without discrimination. Employers shall make sure female workers have equal employment rights, and shall not refuse to employ women due to their gender or raise the employment standard for women. Additionally, employers shall not be allowed to include any restrictions regarding the marital status or pregnancy of female employees in employment contracts. Employers shall also provide suitable care to workers from minority ethnic groups in accordance with the relevant laws and regulations, and shall not discriminate against the disabled. Furthermore, employers shall not be permitted to reject employment on the basis of the employees having a contagious disease or discriminate against potential employees from rural areas.

According to the Regulation on Work-Related Injury Insurance (《工傷保險條例》) which took effect from January 1, 2004 and amended on December 20, 2010, employers shall pay occupational injury insurance fees for their employees. Employees are not required to pay occupational injury insurance fees.

Under the Interim Measures Concerning the Maternity Insurance of Enterprises Employees (《企業職工生育保險試行辦法》), effective from January 1, 1995, employers shall pay maternity insurance fees for their employees. Employees are not required to pay maternity insurance fees.

Under the Interim Regulations Concerning the Levy of Social Insurance Fees (《社會保險費徵繳暫行條例》), which took effect from January 22, 1999 and the Interim Measures for Administration of Registration of Social Insurance (《社會保險登記管理暫行辦法》) which took effect from March 19, 1999, employers in the PRC shall register the social insurance with the local social insurance authorities, and make contributions to the basic pension insurance fund, basic medical insurance fund and unemployment insurance fund for their employees.

REGULATIONS

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the Standing Committee of National People's Congress on October 28, 2010 and took effect from July 1, 2011, employees shall purchase the basic pension insurance, basic medical insurance, unemployment insurance, payment of which shall be jointly made by the employers and employees in accordance with the relevant laws and regulations. Employees shall also purchase the work injury insurance and maternity insurance, payment of which shall be made only by the employer in accordance with relevant laws and regulations. An employer shall apply for social insurance registration with the local social insurance agencies within 30 days of its establishment. An employer shall declare and make social insurance contributions in full and on time. Apart from mandatory exceptions such as force majeure, payment of social insurance shall not be made in delay, in part or exempted. The contributions to be made by employees shall be paid and withheld by the employer on behalf of the employees.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), where an employer fails to comply with social insurance registration, it will be required by the relevant administrative department of social insurance for rectification within a specified time limit; where the rectification fails to be made within such specified time limit, a fine ranging from one to three times the social premium amount payable will be imposed on the employer and a fine ranging from RMB500 to RMB3,000 will be imposed on its competent management personnel in this aspect. Where an employer fails to make social insurance contributions in full and on time, the relevant administrative department of social insurance shall issue to such employer an order for rectification within a specified time limit and a fine of 0.05% of the amount of social premium payable per day shall be charged. Where an employer fails to make social insurance contributions within such specified time limit, the relevant administrative department will pose a fine ranging from one to three times of the outstanding amount.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) (Order No. 262 of the State Council), which was promulgated and became effective on April 3, 1999, and was amended on March 24, 2002, housing provident fund contributions by an individual employee and by his or her employer shall belong to the individual employee. The employer shall timely pay up and deposit housing provident fund contributions in full amount, late or insufficient payments shall be prohibited. The employer shall process housing provident fund payment and deposit registrations with the housing provident fund administration center. With respect to companies who violate the above regulations and fail to process housing provident fund payment and deposit registrations or open housing provident fund accounts for their employees, such companies shall be ordered by the housing provident fund administration center to complete such procedures within a designated period. Those who fail to process their registrations within the designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When companies breach these regulations and fail to pay up housing provident fund contributions in full amount as due, the housing provident fund administration center shall order such companies to pay up within a designated period, and may further apply to the People's Court for mandatory enforcement against those who still fail to comply after the expiry of such period.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR HISTORY AND DEVELOPMENT

Our History

The history of our Group can be traced back to 2006 when Shenzhen NNK, our PRC Operating Entity, was established by Huang Junmou and Yang Hua, our founders and executive Directors with their personal financial resources. Shenzhen NNK has been primarily engaged in mobile top-up services in the PRC since its inception.

Since we launched our 007ka Top-up Platform in 2006, we have significantly grown our business, and have become the largest mobile top-up service provider offering mobile top-up services through electronic banking systems in China in terms of transaction volume with a market share of 61.5%, according to CCID.

Our Business Development

The following table highlights the key milestones of our business development since the inception of our Group.

Year	Milestones
June 2006	Shenzhen NNK was established.
November 2010	Our 007ka Top-up Platform reached 10 million mobile user base.
December 2010	We received investment from Sinomaster Investment.
June 2013	We ranked third in 2012 among the value-added telecommunication businesses in Guangdong Province.
June 2013	We were awarded the Software Enterprise Certificate* (軟件企業認定證書).
June 2014	We recorded a daily transaction value of over RMB100 million through our 007ka Top-up Platform for the first time.
August 2014	We were recognized as a Shenzhen High-Tech Enterprise* (深圳市高新技術企業).
September 2014	We were recognized as a High-Tech Enterprise* (高新技術企業).
December 2014	We provided mobile top-up services through electronic banking systems of 32 PRC banks, including the Five Largest State-owned Commercial Banks and eight of the 12 Nation-wide Joint Stock Commercial Banks, and our 007ka Top-up Platform reached 82 million mobile user base.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

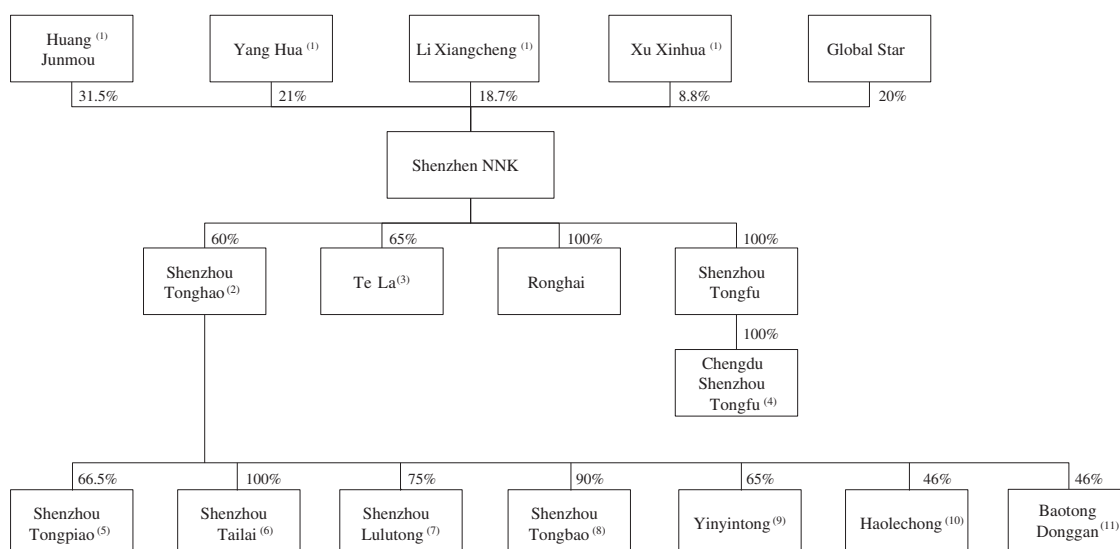
Shenzhen NNK

Shenzhen NNK primarily engages in the provision of mobile top-up services. It was established as a limited company in the PRC on June 13, 2006, with an initial registered capital of RMB1,000,000, fully paid by Huang Junmou and Yang Hua. At the time of its establishment, Huang Junmou and Yang Hua held 60% and 40% of the equity interest in Shenzhen NNK, respectively. At the beginning of the Track Record Period, Shenzhen NNK was held as to 31.5%, 21%, 18.7%, 8.8% and 20% by Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua and Global Star, a company indirectly owned by Huang Shaowu, respectively. On June 30, 2014, as part of the Reorganization, Global Star transferred all of its equity interest in Shenzhen NNK to Huang Shaowu for a consideration of RMB20,000,000. For further details of the transfer, please refer to the paragraph headed “Our Reorganization — Transfer of Equity Interest in Shenzhen NNK by Global Star” below.

Shenzhou Tongfu

Shenzhou Tongfu primarily engages in third-party online payment services. It was established as a limited company in the PRC on June 10, 2011 as a wholly-owned subsidiary of Shenzhen NNK. Its initial registered capital is RMB1,000,000. On June 22, 2011, in order to provide more financial resources to Shenzhou Tongfu for its operations, Shenzhen NNK injected further capital of RMB99,000,000 into Shenzhou Tongfu, increasing its registered capital to RMB100,000,000. On November 26, 2014, as part of the Reorganization, Shenzhen NNK disposed all of its equity interest in Shenzhou Tongfu. For further details of the disposal, please refer to the paragraph headed “Our Reorganization — Disposal of Shenzhou Tongfu” below.

The following chart sets out our shareholding structure immediately prior to our Reorganization.



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) Huang Junmou, Yang Hua, Li Xiangcheng and Xu Xinhua have been acting in concert within the meaning of the Takeovers Code and will continue to act in concert with each other in the decision-making of each member of our Group.
- (2) The remaining 40% equity interest in Shenzhou Tonghao was held by Daizhong.
- (3) The remaining 35% equity interest in Te La was held as to 25% by Mr. Deng Raozheng (鄧堯政) and 10% by Ms. Huang Si'e (黃四娥), both of whom are Independent Third Parties.
- (4) Chengdu Shenzhou Tongfu Technology Co., Ltd.* (成都市神州通付科技有限公司) (“Chengdu Shenzhou Tongfu”).
- (5) The remaining 33.5% equity interest in Shenzhou Tongpiao was held by Mr. Zhang Lantian (張藍天), an Independent Third Party.
- (6) Shenzhen Shenzhou Tailai Traditional Culture Co., Ltd.* (深圳市神州泰來傳統文化有限公司) (“Shenzhou Tailai”).
- (7) The remaining 25% equity interest in Shenzhen Shenzhou Lulutong Network Technology Co., Ltd.* (深圳市神州路路通網絡科技有限公司) (“Shenzhou Lulutong”) was held by Mr. Li Jian (李劍), an Independent Third Party.
- (8) The remaining 10% equity interest in Shenzhen Shenzhou Tongbao Financial Services Co., Ltd.* (深圳市神州通寶金融服務有限公司) (“Shenzhou Tongbao”) was held by Hua Baocheng, who was our chief operational officer and senior vice president prior to his resignation from these posts in November 2015.
- (9) The remaining 35% equity interest in Yinyintong Technology (Shenzhen) Co., Ltd.* (銀銀通科技(深圳)有限公司) (“Yinyintong”) was held by Zhongjing Information Technology (Shenzhen) Co., Ltd. (中經信息科技(深圳)有限公司), an Independent Third Party.
- (10) The remaining 54% equity interest in Shenzhen Haolechong Technology Co., Ltd.* (深圳市好樂充科技有限公司) (“Haolechong”) was held by Mr. Bai Chongzhen (白崇振), an Independent Third Party.
- (11) The remaining 54% equity interest in Shenzhen Baotong Donggan Technology Co., Ltd.* (深圳市寶通動感科技有限公司) (“Baotong Donggan”) was held as to 24% and 30% by Mr. Chen Bonian (陳柏年) and Mr. Hu Xiangyin (胡祥銀), respectively, both of whom are Independent Third Parties.

OUR CONTROLLING SHAREHOLDERS

Huang Junmou, Yang Hua, Li Xiangcheng and Xu Xinhua are collectively the Controlling Shareholders of our Group. Prior to their tenures in Shenzhen NNK, our co-founders, Huang Junmou and Yang Hua had a business relationship. Li Xiangcheng, our Non-executive Director, was a colleague of Yang Hua prior to their tenures in our Group. Mr. Xu Xinhua joined our Group subsequently on June 22, 2009. Xu Xinhua and Huang Junmou had been long-time acquaintances.

By virtue of their long standing relationships, Huang Junmou, Yang Hua and Li Xiangcheng have been managing the business of our Group collectively and, through discussions, reaching commercial decisions on unanimous bases since the establishment of Shenzhen NNK in June 2006. This collective decision making has further included Xu Xinhua since he joined our Group in June 2009. Each of our Controlling Shareholders confirms that he understands that the Controlling Shareholders are to make decisions collectively and did reach consensus on all material commercial decisions during the Track Record Period and up to the Latest Practicable Date, as evidenced by the shareholders' resolutions of the companies of our Group which have all been passed unanimously. Accordingly, each of our Controlling Shareholders is a person acting in concert with each other within the meaning of the Takeovers Code and will continue to act in concert with each other in the decision-making of each member of our Group. In order to recognize the fact that they had been acting in concert and to confirm their intention going forward, the Controlling Shareholders entered into an acting in concert agreement on April 15, 2015.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR REORGANIZATION

From June 2014 onwards, we underwent a series of restructuring steps to optimize our shareholding structure in preparation for the Global Offering and to dispose of or deregister certain entities in order to streamline our business.

Transfer of Equity Interest in Shenzhen NNK by Global Star

On June 30, 2014, in order for Huang Shaowu to directly hold equity interest in Shenzhen NNK, Global Star transferred its 20% equity interest in Shenzhen NNK to Huang Shaowu, the ultimate controlling shareholder of Global Star and a substantial shareholder of our company, at a consideration of RMB20,000,000, which was determined by reference to the capital contributed by Global Star. Upon completion of the transfer of the equity interest, Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua and Huang Shaowu held 31.5%, 21%, 18.7%, 8.8% and 20% of the equity interest in Shenzhen NNK, respectively.

Disposal of Shenzhou Tongfu

On May 29, 2014, our PRC Legal Advisor conducted an interview with an officer from the Shenzhen branch of the People's Bank of China. According to the officer, (i) foreign investors are prohibited from becoming a direct or indirect controlling shareholder of a company which is a holder of the online payment service license; and (ii) contractual structure arrangements are also prohibited in a company which holds the online payment service license. Our PRC Legal Advisor is of the view that Shenzhen Branch of the People's Bank of China is the competent authority in charge of supervising third party online payment service licensing, and that the officer, being of a senior rank in the Payment and Settlement Division of the Shenzhen Branch of the People's Bank of China, has the authority to give confirmation on behalf of the People's Bank of China.

In light of the aforesaid view of the Shenzhen branch of the People's Bank of China and the fact that Shenzhou Tongfu engages in the online payment service business, which is distinct from the business of our Group, in order to streamline our business, on June 9, 2014, Shenzhen NNK entered into an equity interest transfer agreement with Sinomaster Investment, Huang Junmou, Yang Hua, Li Xiangcheng and Xu Xinhua, pursuant to which Shenzhen NNK transferred 90.5%, 3.711%, 3.673%, 1.441% and 0.675% of the equity interest in Shenzhou Tongfu to Sinomaster Investment, Huang Junmou, Yang Hua, Li Xiangcheng and Xu Xinhua, respectively. Sinomaster Investment is a company controlled by Huang Shaowu, our substantial shareholder, while the other transferees are our Directors and Controlling Shareholders. The respective consideration for the transfers was RMB76,925,000, RMB3,154,350, RMB3,122,050, RMB1,224,850 and RMB573,750 which was determined with reference to the net asset value and registered capital of Shenzhou Tongfu. The transfer of the equity interest was completed on November 26, 2014, and the consideration was settled in April 2015. Sinomaster Investment is a company indirectly controlled by Huang Shaowu.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Upon completion of such transfers of the equity interests, both Shenzhou Tongfu and its wholly-owned subsidiary Chengdu Shenzhou Tongfu were transferred out of our Group.

Disposal of Shenzhou Tonghao

Prior to the establishment of Shenzhou Tonghao, Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua, Sinomaster Investment and Shenzhen NNK entered into a nominee arrangement on February 20, 2013, pursuant to which Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua and Sinomaster Investment (together with the four aforesaid persons, the “Beneficiaries”) nominated Shenzhen NNK to hold equity interests in proportion to the Beneficiaries’ respective contributions to the registered capital of Shenzhou Tonghao when it was incorporated. The above-mentioned arrangement was mainly due to the fact that Shenzhou Tonghao would benefit from the reputation and resources of Shenzhen NNK as its registered shareholder. On April 3, 2013, Shenzhou Tonghao was established as a limited liability company in the PRC with an initial registered capital of RMB1,000,000 where Shenzhou Tonghao was held as to 60% and 40% by Shenzhen NNK, as a nominee shareholder, and Daizhong, respectively.

On June 9, 2014, Shenzhen NNK entered into an equity interest transfer agreement with the Beneficiaries, pursuant to which Shenzhen NNK transferred the 12%, 18.9%, 12.6%, 11.22% and 5.28% of the equity interest in Shenzhou Tonghao held by it as nominee for nil consideration to Sinomaster Investment, Huang Junmou, Yang Hua, Li Xiangcheng and Xu Xinhua, respectively. Sinomaster Investment is a company controlled by Huang Shaowu, our substantial shareholder, while the other transferees are our Directors and Controlling Shareholders. The transfers of equity interests were completed on June 27, 2014, upon which Shenzhou Tonghao was held as to 40%, 12%, 18.9%, 12.6%, 11.22% and 5.28% by Daizhong, Sinomaster Investment, Huang Junmou, Yang Hua, Li Xiangcheng and Xu Xinhua, respectively.

As a result of the aforesaid transfers, Shenzhou Tonghao and the companies in which Shenzhou Tonghao had equity interests have been transferred out of our Group. Among these companies, Shenzhou Tongpiao engaged in air ticket agency business, Shenzhou Tailai engaged in fortune telling, Shenzhou Lulutong operated an app for parking garage fee collection, Shenzhou Tongbao engaged in the peer-to-peer financing business, Haolechong is engaged in the sale of mobile point of sales devices, Baotong Donggan is engaged in the sale of smart gear, while Yinyintong did not operate any substantive business.

Deregistration of Te La and Ronghai

Two of Shenzhen NNK’s subsidiaries, Ronghai and Te La, were deregistered on August 1, 2014 and September 1, 2014, respectively, as both companies did not operate any business before their deregistration.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Incorporation of our company

Our company was incorporated as an exempted company with limited liability under the Cayman Islands laws on June 18, 2014. On the date of incorporation, Fun Charge Technology, Happy Charge Technology, Cool Charge Technology, Enjoy Charge Technology and China Charge Technology held 31.5%, 21%, 18.7%, 8.8% and 20% of the issued share capital of our company, respectively.

Incorporation of Phone Charge Technology, Daily Charge HK and Daily Charge Shenzhen

We established Phone Charge Technology as our direct wholly-owned subsidiary in the BVI on June 19, 2014. Phone Charge Technology then established Daily Charge HK on July 7, 2014 in Hong Kong as its direct wholly-owned subsidiary. Daily Charge HK in turn established our WFOE, Daily Charge Shenzhen, on January 30, 2015, in the PRC as its direct wholly-owned subsidiary. Daily Charge Shenzhen was established to provide exclusive operation and management services to and enter into the Contractual Arrangements with our PRC Operating Entity, Shenzhen NNK, and the Registered Shareholders. The Contractual Arrangements were entered into on March 4, 2015. The respective shareholding structures of Phone Charge Technology, Daily Charge HK and Daily Charge Shenzhen has remained the same since their respective incorporation.

Save as disclosed above, there are no other acquisitions and disposals of subsidiaries of our Group since inception.

PRC legal compliance

The Reorganization was completed upon the consummation of the Contractual Arrangements, which took place on March 4, 2015.

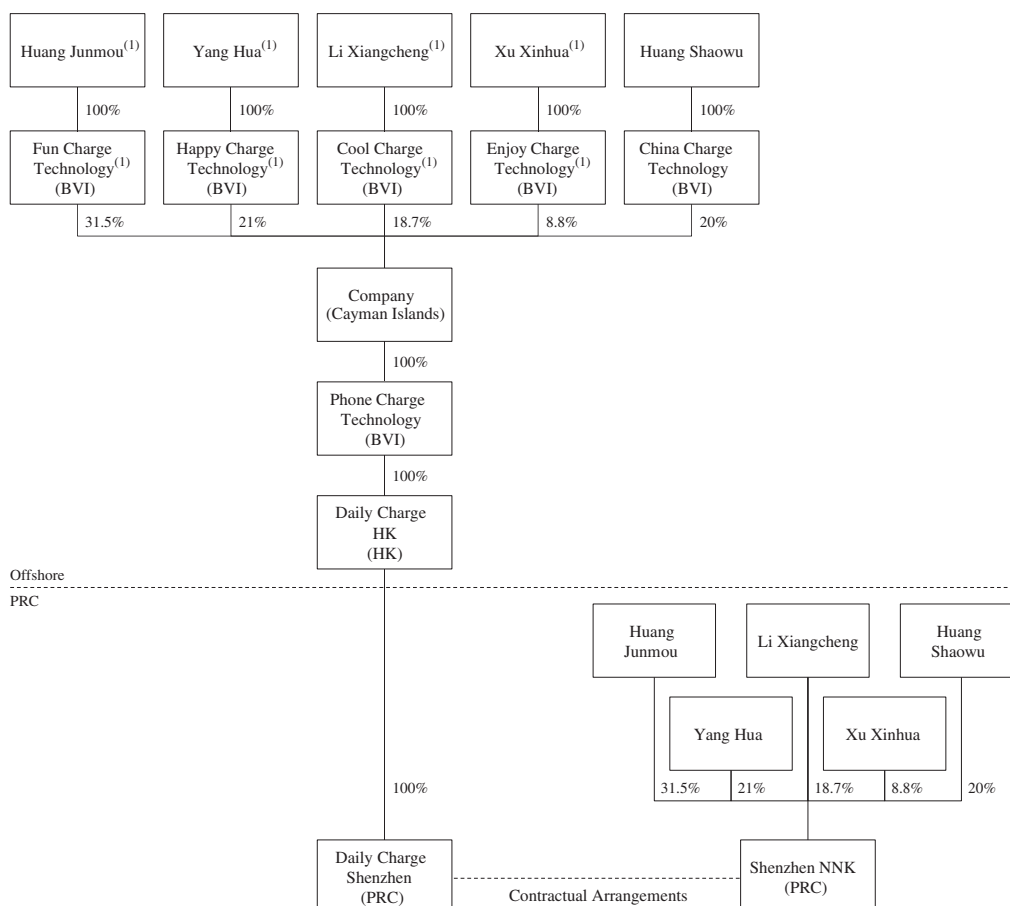
Our PRC Legal Advisor confirmed that all approvals, permits and licenses required under the PRC laws and regulations in connection with the Reorganization as set out above have been obtained, and the Reorganization has complied with all applicable PRC laws and regulations.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE AND SHAREHOLDING STRUCTURE

Shareholding Structure of Our Group upon Completion of the Reorganization but immediately prior to the Global Offering

The following chart sets out our shareholding structure immediately after the Reorganization but prior to the Global Offering.



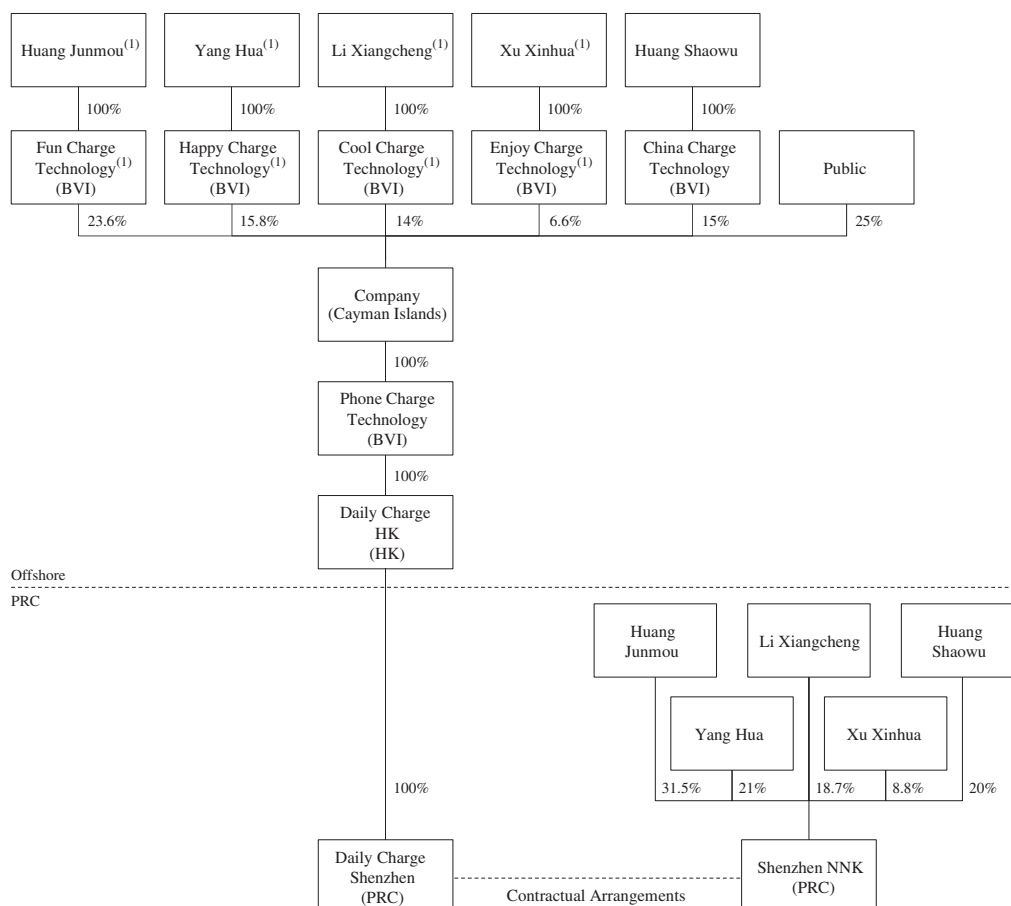
Note:

- (1) Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua, Fun Charge Technology, Happy Charge Technology, Cool Charge Technology and Enjoy Charge Technology have been acting in concert within the meaning of the Takeovers Code.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Shareholding Structure of Our Group immediately after the Global Offering (assuming the Over-allotment Option is not exercised)

The following chart sets out our shareholding structure immediately after the completion of the Global Offering, assuming no exercise of the Over-Allotment Option.



Note:

- (1) Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua, Fun Charge Technology, Happy Charge Technology, Cool Charge Technology and Enjoy Charge Technology have been acting in concert within the meaning of the Takeovers Code.

Circular 37

Circular 37 requires PRC residents to register with the local office of the SAFE before directly establishing or indirectly acquiring control of an offshore special purpose vehicle with PRC domestic assets or equity interests, or with overseas assets or equity interests legally held by the PRC resident, for the purpose of investment and equity financing, and to update or amend the registration upon material changes including material changes of shareholding or any other material capital alteration in such special purpose vehicle. Our PRC Legal Advisor has confirmed that each of Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua and Huang Shaowu, all being PRC residents and ultimate beneficial owners of our company, completed the SAFE registration in respect of their investments in our company in accordance with SAFE Circular 37 on November 17, 2014.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CONTRACTUAL ARRANGEMENTS

Introduction

We are primarily engaged in 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, we cannot hold controlling interest in Shenzhen NNK, which holds certain licenses and permits required for the operation of our Principal Business. For further details of the limitations on foreign ownership in PRC companies conducting value-added telecommunications services and the licensing and approval requirements applicable to our Principal Business under PRC laws and regulations, please refer to the section headed “Regulations — Laws and Regulations Relating to Value-added Telecommunications Services and Internet Information Services” in this prospectus.

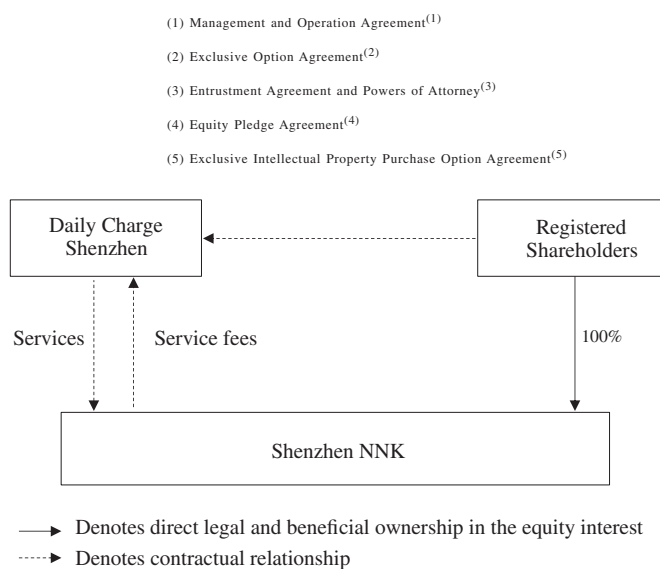
As a result, our WFOE, Daily Charge Shenzhen, entered into contractual arrangements (the “Contractual Arrangements”) with Shenzhen NNK and the Registered Shareholders in order to conduct our Principal Business in the PRC and to assert management control over the operations of, and enjoy all economic benefits of, Shenzhen NNK. Pursuant to the Contractual Arrangements, Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders (as applicable) entered into the following underlying agreements: (i) Management and Operation Agreement (管理與運營合同), (ii) Exclusive Option Agreement (獨家購股權合同), (iii) Entrustment Agreement (授權委託合同) and Powers of Attorney (授權委託書), (iv) Equity Pledge Agreement (股權質押合同), and (v) Exclusive Intellectual Property Purchase Option Agreement (獨家知識產權購買合同).

We have taken and plan to continue to take specific steps to comply with the Qualification Requirement discussed in the section headed “Risk Factors — Risks Relating to Our Contractual Arrangements — If the PRC government finds that the agreements that establish the structure for operating our China business do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.” in this prospectus. Daily Charge HK, our subsidiary in HK, operates through a website www.nnk.com.hk launched in March 2015 to provide mobile top-up services and data usage top-up services for PRC mobile accounts to mobile users outside the PRC. This overseas website will allow us to capture and analyze overseas data and provide helpful insights for our overseas expansion plans. Despite the lack of specific guidance from the relevant regulatory authorities as to the Qualification Requirement, our PRC Legal Advisor is of the view that the above steps are reasonable and appropriate in relation to the Qualification Requirement as they demonstrate that Daily Charge HK has experience in providing value-added telecommunications services in an overseas market. We expect that the aggregate expenditures incurred and to be incurred for taking the steps mentioned above will not exceed RMB2,000,000.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Details of the Contractual Arrangements

The following diagram illustrates the flow of economic benefits from our PRC Operating Entity to our company under the Contractual Arrangements:



Notes:

- (1) Please refer to the sub-section headed “— Contractual Arrangements — Management and Operation Agreement” below for details.
- (2) Please refer to the sub-section headed “— Contractual Arrangements — Exclusive Option Agreement” below for details.
- (3) Please refer to the sub-section headed “— Contractual Arrangements — Entrustment Agreement and Powers of Attorney” below for details.
- (4) Please refer to the sub-section headed “— Contractual Arrangements — Equity Pledge Agreement” below for details.
- (5) Please refer to the sub-section headed “— Contractual Arrangements — Exclusive Intellectual Property Purchase Option Agreement” below for details.

Management and Operation Agreement

Pursuant to a management and operation agreement dated March 4, 2015 and a supplemental agreement dated April 16, 2015 (collectively, the “Management and Operation Agreement”) entered into among Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders, Daily Charge Shenzhen agrees to provide to Shenzhen NNK and its subsidiaries, on an exclusive basis, management and operation services. Accordingly, Daily Charge Shenzhen agrees to provide services and guidance to Shenzhen NNK and its subsidiaries in respect of (i) business and investment plans, (ii) management and disposal of assets, (iii) human resources management, (iv) annual financial budget plans and final

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

account plans, (v) formulation and improvement of basic internal management system and internal control system, (vi) strategies for marketing and business expansion, (vii) strategy formulation, businesses and projects management and consulting, (viii) technical support, intellectual property licensing, product development and system maintenance, (ix) financial management and financing services, and (x) other services relating to management and operation. Daily Charge Shenzhen has exclusive and proprietary rights to all the intellectual properties developed or created by Shenzhen NNK from the performance of these services.

In addition, pursuant to the Management and Operation Agreement, without the prior written approval from Daily Charge Shenzhen, Shenzhen NNK shall not enter into any transactions (save for those transactions entered into in the ordinary course of business of Shenzhen NNK) that may affect its assets, obligations, rights or operation, including but not limited to (i) the disposal, transfer or acquisition of any assets, (ii) the provision of any guarantee or creation of any encumbrances relating to its assets, (iii) the entering into of any material contracts, and (iv) any merger, acquisition or restructuring of Shenzhen NNK.

Pursuant to the Management and Operation Agreement, Shenzhen NNK shall pay to Daily Charge Shenzhen a service fee that equals 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. In addition, Daily Charge Shenzhen may at its absolute discretion adjust the service fee or agree to any postponed payment so as to avoid any financial difficulty of either Shenzhen NNK or itself. Daily Charge Shenzhen is also entitled to make any other adjustments of the service fee as it deems reasonable as long as it notifies Shenzhen NNK at least five days prior to the change. Our Directors consider that the above arrangement will ensure the economic benefits generated from the operations of Shenzhen NNK will flow to Daily Charge Shenzhen and hence, our Group as a whole. As at the Latest Practicable Date, Daily Charge Shenzhen had deployed appropriate facilities and personnel to provide services to Shenzhen NNK under the Management and Operation Agreement, to undertake the major functions of our operations in the PRC, and to drive the key business decision-making processes of our Group. The staff members of Shenzhen NNK are mainly responsible for its day-to-day operations only. Our Directors believe that such allocation of resources would allow a proper discharge of the respective responsibilities of Daily Charge Shenzhen and Shenzhen NNK under the Contractual Arrangements and also ensure sound and effective operation of our Group in compliance with the Contractual Arrangements and applicable laws and regulations. As of the Latest Practicable Date, none of Daily Charge Shenzhen and Shenzhen NNK had been investigated, challenged or penalized for any transfer pricing-related matter.

The Management and Operation Agreement has a term of ten years commencing on March 4, 2015, the date of execution of the agreement, and may be extended for another ten years at the discretion of Daily Charge Shenzhen. The Management and Operation Agreement may be unilaterally terminated by Daily Charge Shenzhen by giving Shenzhen NNK and the Registered Shareholders 30 days' prior written notice, and shall be terminated if (i) continued performance of the obligations of the agreement will result in violation or non-compliance of the applicable PRC laws and regulations, (ii) such termination is approved by the shareholders or directors of an indirect shareholder of Daily

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Charge Shenzhen which is listed outside the PRC, (iii) the entire equity interests in Shenzhen NNK is transferred to Daily Charge Shenzhen or its designated person pursuant to applicable PRC laws and regulations, or (iv) Shenzhen NNK becomes bankrupt or is wound-up. Shenzhen NNK is not contractually entitled to terminate the Management and Operation Agreement.

Exclusive Option Agreement

Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders entered into an exclusive option agreement on March 4, 2015 (the “Exclusive Option Agreement”), 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 law, 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.

Pursuant to the Exclusive Option Agreement, Shenzhen NNK and the Registered Shareholders shall not sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in any assets, business or income of Shenzhen NNK. Shenzhen NNK and the Registered Shareholders undertake to maintain the asset value of Shenzhen NNK and not to take any action which may affect its business operations or asset value. Absent prior written consent of Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders shall not (i) in any manner supplement, change or amend the articles of association of Shenzhen NNK, increase or decrease its registered capital or change its structure of registered capital in any other manner; (ii) engage in transactions that could materially affect the assets, liabilities, rights or operations of Shenzhen NNK; (iii) sell, transfer, pledge or otherwise dispose of any assets, businesses, income or other legitimate interests of Shenzhen NNK, or create any encumbrances on any properties; (iv) incur debts, except those incurred in the ordinary course of business and disclosed to Daily Charge Shenzhen; (v) execute any material contracts with a value above RMB100,000, except those entered into in the ordinary course of business; (vi) provide loans or guarantee; (vii) merge or consolidate with, acquire or invest in any entity; and (viii) distribute dividends or profits to its shareholders.

In addition, each of the Registered Shareholders will take appropriate measures to maintain its shareholding in Shenzhen NNK, including (i) not to, without the prior written consent of Daily Charge Shenzhen, sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in Shenzhen NNK or create any encumbrances thereon, except for the equity pledge in accordance with the Equity Pledge Agreement or unless the Management and Operation Agreement or the Entrustment Agreement and Powers of Attorney provide otherwise, and (ii) to relinquish the pre-emptive right (if any) he is entitled to in relation to the transfer of equity interest by any other shareholders to Daily Charge Shenzhen. Shenzhen NNK and the Registered Shareholders shall, at the request of Daily Charge Shenzhen, appoint any such designated persons designated by Daily Charge Shenzhen in its sole discretion as directors of Shenzhen NNK or replace the existing directors of Shenzhen NNK with any such designated persons. Each of the Registered Shareholders irrevocably undertakes that in the event of death or incapacity or any other event which causes changes to the shareholding thereof in

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Shenzhen NNK, such shareholder shall (i) procure that the successor or inheritor of his equity interest in Shenzhen NNK be bound by the Contractual Arrangements to the same extent as he is, and (ii) arrange the transfer of equity interest in Shenzhen NNK in accordance with the Contractual Arrangements unless Daily Charge Shenzhen consents otherwise in writing.

The Exclusive Option Agreement has a term of ten years commencing on March 4, 2015, the date of execution of the agreement, and may be extended for another ten years at the discretion of Daily Charge Shenzhen. The Exclusive Option Agreement may be unilaterally terminated by Daily Charge Shenzhen by giving Shenzhen NNK and its shareholders 30 days' prior written notice, and shall be terminated if (i) continued performance of the obligations of the agreement will result in violation or non-compliance of the applicable PRC laws and regulations, (ii) such termination is approved by the shareholders or directors of an indirect shareholder of Daily Charge Shenzhen which is listed outside the PRC, or (iii) the entire equity interests in Shenzhen NNK is transferred to Daily Charge Shenzhen or its designated person pursuant to the applicable PRC laws and regulations. Shenzhen NNK and the Registered Shareholders are not contractually entitled to terminate the Exclusive Option Agreement with Daily Charge Shenzhen.

Entrustment Agreement and Powers of Attorney

On March 4, 2015, Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders entered into an entrustment agreement (the "Entrustment Agreement") with an annexure of the power of attorney executed by each of the Registered Shareholders (the "Powers of Attorney", each a "Power of Attorney") in favor of Daily Charge Shenzhen and/or its designated persons. 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 (i) convene and attend shareholders' meetings, (ii) exercise voting rights in shareholders' meetings, (iii) appoint and dismiss directors and supervisors, (iv) decide on any acquisition or disposal of his equity interest in Shenzhen NNK or the winding-up or dissolution of Shenzhen NNK, (v) file documents with relevant governmental authorities or regulatory bodies, and (vi) exercise such other shareholders' rights as stipulated under the articles of association of Shenzhen NNK. As Daily Charge Shenzhen is a wholly-owned subsidiary of our company, the appointment and removal of its directors are within our company's complete control (i.e. our company can replace Daily Charge Shenzhen's directors at any time by exercising its power as the sole shareholder), and our Directors have the duty to act in the best interest of our company. As such, the appointment of Daily Charge Shenzhen or its designated persons as attorney under the respective Power of Attorney will give our company effective control over all corporate decisions made by such attorney and exercise management control over Shenzhen NNK.

The Entrustment Agreement has a term of ten years commencing on March 4, 2015, the date of execution of the agreement and may be extended for another ten years at the discretion of Daily Charge Shenzhen. The Powers of Attorney shall remain effective until expiration or termination of the Entrustment Agreement. Shenzhen NNK and the Registered shareholders are not contractually entitled to terminate the Entrustment Agreement.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Equity Pledge Agreement

Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders entered into an equity pledge agreement on March 4, 2015 (the “Equity Pledge Agreement”), 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, the Registered Shareholders represent and warrant to Daily Charge Shenzhen that appropriate arrangements have been made to protect Daily Charge Shenzhen’s interests in the event of death, bankruptcy or divorce of Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua or Huang Shaowu to avoid any practical difficulties in enforcing the Equity Pledge Agreement. If Shenzhen NNK declares any dividend 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.

In addition, pursuant to the Equity Pledge Agreement, the Registered Shareholders have undertaken to Daily Charge Shenzhen, among other things, not to transfer their respective equity interests in Shenzhen NNK and not to create or allow any pledge thereon that may affect the rights and interest of Daily Charge Shenzhen without its prior written consent.

The Equity Pledge Agreement has an indefinite term commencing on March 4, 2015, being the date of the agreement, until (i) all the agreements (other than this Equity Pledge Agreement) underlying the Contractual Arrangements have been terminated, or (ii) all the obligations under the Equity Pledge Agreement have been fulfilled. Shenzhen NNK has duly registered the Equity Pledge Agreement with the relevant PRC legal authorities.

In addition, as advised by our PRC Legal Advisor, pursuant to the Property Rights Law of the People’s Republic of China (《中華人民共和國物權法》), Daily Charge Shenzhen (as the pledgee) shall have the right to receive all yields accrued from the entire equity interest of Shenzhen NNK pledged by the Registered Shareholders (which include dividends or other distributions declared to the Registered Shareholders) to Daily Charge Shenzhen, which Daily Charge Shenzhen will record as service fee from Shenzhen NNK under the Management and Operation Agreement. As further advised by our PRC Legal Advisor, Daily Charge Shenzhen will be subject to value-added tax and enterprise income tax upon the receipt of any dividends or other distributions from the Registered Shareholders, and the Registered Shareholders will be subject to PRC individual income tax when they receive the dividends or other distributions declared and paid by Shenzhen NNK to them. Apart from the aforementioned taxes, our PRC Legal Advisor confirms that there are no other legal, regulatory or tax requirements in respect of the receipt of such dividend or other distribution by Daily Charge Shenzhen from the Registered Shareholders in the PRC. It is also confirmed that there is no legal impediment for the Group to fulfill the aforementioned tax requirements.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Exclusive Intellectual Property Purchase Option Agreement

Shenzhen NNK and Daily Charge Shenzhen entered into an exclusive intellectual property purchase option agreement on March 4, 2015 (the “Exclusive Intellectual Property Purchase Option Agreement”), 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 under PRC laws and regulations. As advised by our PRC Legal Advisor, as at the Latest Practicable Date, transfer of intellectual property rights at nil consideration was in compliance with applicable PRC laws and regulations. Daily Charge Shenzhen may exercise such options at any time until it has acquired all intellectual properties of Shenzhen NNK, subject to applicable PRC laws and regulations.

The Exclusive Intellectual Property Purchase Option Agreement is for an indefinite term commencing on March 4, 2015, being the date of the agreement, until it is terminated by (i) Daily Charge Shenzhen by giving Shenzhen NNK 30 days’ prior written notice of termination, or (ii) upon the transfer of all the intellectual properties of Shenzhen NNK to Daily Charge Shenzhen, whichever is earlier. Shenzhen NNK is not contractually entitled to terminate the Exclusive Intellectual Property Purchase Option Agreement.

Additional Protection

To further strengthen our company’s control over Shenzhen NNK, each of the Registered Shareholders has executed an undated equity transfer agreement in favor of Daily Charge Shenzhen in relation to the transfer of his equity interests in Shenzhen NNK to Daily Charge Shenzhen. These undated equity transfer agreements are retained by our Company and shall be dated and executed by Daily Charge Shenzhen as and when it deems necessary.

Dispute Resolution

Each of the agreements underlying the Contractual Arrangements contains a dispute resolution provision, which stipulates that in the event of any dispute relating to the interpretation and performance of the Contractual Arrangements, the parties shall negotiate in good faith to resolve such disputes. If the parties fail to reach an agreement on the resolution of such a dispute within 45 days, any party may submit the relevant dispute to the SCIA for arbitration in accordance with the then effective arbitration rules. The arbitration shall be conducted in Shenzhen, and the language used in the arbitration shall be Chinese. The arbitration ruling shall be final and binding on all parties.

The dispute resolution provisions also provide that the arbitral tribunal may award remedies over the equity interests or assets of Shenzhen NNK or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of Shenzhen NNK; and the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our company) and the PRC also have jurisdiction to grant and/or enforce arbitral awards and interim remedies against the equity interests or assets of Shenzhen NNK. However, our PRC Legal Advisor is of the opinion that such provisions may not be enforceable under PRC law. For instance, the arbitral tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of Shenzhen NNK pursuant to the current

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRC laws. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognized or enforceable in the PRC, and Daily Charge Shenzhen may only seek interim remedies or enforcement from competent PRC courts. As a result, in the event that Shenzhen NNK or any of its shareholders breaches any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over Shenzhen NNK and conduct our business as well as our financial conditions and the results of operations could be materially and adversely affected. For further details, please refer to the section “Risk Factors — Risks relating to our Contractual Arrangements — We conduct our business operation in the PRC through our PRC Operating Entity by way of the Contractual Arrangements, but certain terms of the Contractual Arrangements may not be enforceable under PRC law.” in this prospectus.

Succession

As advised by our PRC Legal Advisor, the provisions set out in the Contractual Arrangements are also binding on any successors of the Registered Shareholders as if such successors were a signing party to the Contractual Arrangements. Although the Contractual Arrangements do not specify the identity of successors to such shareholders, under the succession law of the PRC, statutory successors may include the spouse, children, parents, brothers, sisters, paternal grandparents and maternal grandparents, and as such any breach by the successors would be deemed to be a breach of the Contractual Arrangements. In case of a breach, Daily Charge Shenzhen can enforce its rights against the successors. Pursuant to the Equity Pledge Agreement, in the event of changes in the shareholding of the Registered Shareholders, any successor of the relevant Registered Shareholders shall assume any and all rights and obligations of such shareholder under the Management and Operation Agreement, the Exclusive Option Agreement, the Entrustment Agreement, the relevant Power of Attorney, and the Exclusive Intellectual Property Purchase Option Agreement as if such successor were a signing party to the relevant agreement. In addition, the respective spouse of the Registered Shareholders (where applicable) has also provided a written confirmation confirming that she will (i) assume all rights, obligations and liabilities relating to the relevant equity interest under the agreements underlying the Contractual Arrangements, and (ii) execute any necessary document and take any necessary measure to ensure the proper performance of the agreements underlying the Contractual Arrangements to which the relevant Registered Shareholder is a party, as may be amended from time to time.

Loss Sharing

Under the relevant PRC laws and regulations, none of Daily Charge Shenzhen and us is legally required to share the losses of Shenzhen NNK or provide financial support to Shenzhen NNK. Further, Shenzhen NNK is a limited liability company and is solely liable for its own debts and losses arising out of or in connection with its assets. However, given that we conduct our business operations in the PRC through Shenzhen NNK, which holds the requisite PRC operational licenses and approvals, and that Shenzhen NNK’s financial position and results of operations are combined into our financial statements under the applicable accounting principles, our business, financial position and results of operations would be adversely affected if Shenzhen NNK suffers losses.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

However, as provided in the Exclusive Option Agreement, without the prior written consent of Daily Charge Shenzhen, Shenzhen NNK shall not, among others, (i) sell, transfer, pledge or dispose of in any manner any of its assets; (ii) execute any material contract, except the contracts in the ordinary course of business, in excess of RMB100,000; (iii) provide any loan, credit or guarantees in any form to any third party, or allow any third party to create any other security interest on its assets or equity; (iv) incur, inherit, guarantee or allow any debt that is not incurred in the ordinary course of business or not disclosed to Daily Charge Shenzhen; (v) enter into any consolidation or merger with any third party, or being acquired by or invest in any third party; and (vi) increase or reduce its registered capital, or alter the structure of the registered capital in any other way. Therefore, due to the relevant restrictive provisions in the agreements, the potential adverse effect on Daily Charge Shenzhen and us in the event of any loss suffered from Shenzhen NNK can be limited to a certain extent.

Bankruptcy

Our PRC Legal Advisor has advised that the concept of bankruptcy of a natural person does not exist under PRC laws, and, as such, there is currently no possibility of an event of bankruptcy of the Registered Shareholders under PRC laws and therefore our interests under the Contractual Arrangements will not be impacted by bankruptcy considerations. Furthermore, in case of occurrence of any event which may affect a shareholder's performance of his/her obligations under the Contractual Arrangements, Daily Charge Shenzhen is entitled to exercise its option to purchase the equity interest in Shenzhen NNK held by such shareholder itself or through its designated persons under the Exclusive Option Agreement. All equity interest of Shenzhen NNK has also been pledged to Daily Charge Shenzhen under the Equity Pledge Agreement to secure performance of obligations by Shenzhen NNK and the Registered Shareholders under the Contractual Arrangements and in case of any breach of such obligations, Daily Charge Shenzhen is entitled to enforce such pledge.

Termination

Other than the Equity Pledge Agreement, which shall remain valid until all the contractual obligations of Shenzhen NNK and the Registered Shareholders under the Contractual Arrangements have been fully performed, each of the Contractual Arrangements has a termination provision which stipulates that unless otherwise required by applicable PRC laws and regulations, Shenzhen NNK and the Registered Shareholders are not entitled to unilaterally terminate the Contractual Arrangements. The Contractual Arrangements may only be terminated in the event that (i) all equity interests or assets of Shenzhen NNK held or owned by its shareholders have been transferred to Daily Charge Shenzhen or its designated persons, (ii) Daily Charge Shenzhen unilaterally terminates the Contractual Arrangements, (iii) as required by applicable PRC laws or regulations, or (iv) Shenzhen NNK is bankrupt or wound up.

Insurance

Our Group did not purchase any insurance to cover the risks relating to the Contractual Arrangements.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Operations in Compliance with the Contractual Arrangements

Our Group will adopt the following measures to ensure legal and regulatory compliance of the Contractual Arrangements:

- (a) as part of the internal control measures, major issues arising from implementation of the Contractual Arrangements with Shenzhen NNK will be regularly reviewed, at least on an annual basis, by the Board upon Listing. Our Board will determine, as part of its periodic review process, whether legal advisors and/or other professionals will be retained to assist the Group to deal with specific issues arising from the Contractual Arrangements;
- (b) our Independent Non-executive Directors will review the implementation and compliance of the Contractual Arrangements;
- (c) Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua and Huang Shaowu, being the Registered Shareholders, will abstain from voting in any shareholders meeting approving any contract involving a conflict of interest relating to the Contractual Arrangements;
- (d) matters relating to compliance and regulatory enquiries from government authorities (if any) will be discussed at regular meetings by our Board no less frequently than on a quarterly basis;
- (e) the relevant business units and operation divisions of our Group will report regularly, which will be no less frequently than on a monthly basis, to the senior management of our company in relation to compliance and performance conditions under the Contractual Arrangements and other related matters;
- (f) the company seals and crucial corporate certificates of Shenzhen NNK are kept by our Group's administrative department and the contract seals are kept by the legal department, respectively. Any employee of our Group who wishes to use the seals will have to obtain internal approval from the business, finance and legal departments of the Group, as well as approval from the chief executive officer or chief financial officer of our company, depending on the importance or transaction value of the document to which the seal/seals will be affixed. The administrative, business, finance and legal departments constitute our Group's central management system and the persons in charge of these departments as well as the department members responsible for the custody and handling of the seals and crucial corporate certificates are employees of Daily Charge Shenzhen; and
- (g) we will unwind the Contractual Arrangements as soon as the law allows the business to be operated without them.

Confirmations

As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating the businesses through Shenzhen NNK under the Contractual Arrangements.

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Given that the Contractual Arrangements will constitute continuing connected transactions of our company, a waiver has been sought from and has been granted by the Stock Exchange, details of which are disclosed in section headed “Connected Transactions” in this prospectus.

Effect and Legality of the Contractual Arrangements

We believe that the Contractual Arrangements provide a mechanism that enables us to exercise effective control over Shenzhen NNK and to protect and safeguard the interest of our company and our minority Shareholders in the event of any dispute between us and the Registered Shareholders.

Under the Entrustment Agreement and the Powers of Attorney, each Registered Shareholder has irrevocably granted Daily Charge Shenzhen or its designated person as his attorney-in-fact, the power to, among others, (a) exercise the voting rights, on behalf of the Registered Shareholder, and adopt and execute resolutions, on matters to be discussed and resolved at shareholder meetings, including without limitation, the appointment and election of directors of Shenzhen NNK or any senior management that should be appointed and dismissed by the shareholders, (b) exercise other voting rights of shareholders under the articles of association of Shenzhen NNK (including any amendment thereto), (c) submit any required document to any relevant company registry or other authorities in the capacity of a proxy of each Registered Shareholder, and (d) enter into or sign, on behalf of the Registered Shareholder, any equity transfer agreement or other related documents, and process any governmental approvals, registration, filing or other procedures to effect the equity transfer under the Exclusive Option Agreement.

In addition, under the Exclusive Option Agreement and the Exclusive Intellectual Property Purchase Option Agreement, (i) each Registered Shareholder irrevocably grants Daily Charge Shenzhen an exclusive and unconditional option to purchase their equity interests in Shenzhen NNK to the extent permitted under the PRC law, at a purchase price equal to the lowest price permitted under PRC law, and (ii) Shenzhen NNK irrevocably grants Daily Charge Shenzhen an exclusive and unconditional option to purchase all or part of its assets to the extent permitted under PRC law at the lowest price permitted under PRC law.

These provisions provide Daily Charge Shenzhen with the powers to determine or change the composition of Shenzhen NNK’s board of directors and management team at any time, which in turn provides Daily Charge Shenzhen with the power to control Shenzhen NNK without the need for any further action or cooperation of the Registered Shareholders. These provisions also enable Daily Charge Shenzhen to unilaterally appoint nominee shareholders of its choice to take over the equity interest in Shenzhen NNK at any time as permitted under the PRC law.

Furthermore, under the Equity Pledge Agreement, the Registered Shareholders have pledged their respective equity interest in Shenzhen NNK to Daily Charge Shenzhen. The pledges with respect to the equity interests in Shenzhen NNK to secure performance of the Registered Shareholders under the Contractual Arrangements have been registered with the relevant PRC legal authorities. The registered pledges effectively prevent the Registered Shareholders from impeding Daily Charge Shenzhen’s control over Shenzhen NNK by transferring their equity interest in Shenzhen NNK to bona fide third parties without Daily Charge Shenzhen’s knowledge or approval.

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On September 28, 2009, the General Administration of Press and Publication (“GAPP”), the National Copyright Administration and the National Office of Combating Pornography and Illegal Publications, jointly issued the Notice Regarding the Consistent Implementation of the “Regulation on Three Provisions” of the State Council and the Relevant Interpretations of the State Commission Office for Public Sector Reform and the Further Strengthening of the Administration of Preexamination and Approval of Online Games and the Examination and Approval of Imported Online Games (《關於貫徹落實國務院〈“三定”規定〉和中央編辦有關解釋，進一步加強網絡遊戲前置審批和進口網絡遊戲審批管理的通知》), or the GAPP Notice. Article 4 of the GAPP Notice prohibits foreign investors from investing or engaging in online game operations in China through wholly-owned subsidiaries, equity joint ventures or cooperative joint ventures, and from gaining control over or participating in such business indirectly through other forms of joint venture companies, contractual or technical support arrangements. The Directors confirmed that the business of the Group, being mainly provision of mobile top-up services and data usage top-up services, does not fall within the aforesaid scope stated in the GAPP Notice. Our PRC Legal Advisor advised that the GAPP Notice aims to regulate the operation of online games. According to the Regulations on the Main Functions, Internal Organization and Staffing of GAPP (《國家新聞出版總局(國家版權局)主要職責內設機構和人員編制規定》) issued by the General Office of the State Council on July 11, 2008 and its interpretation circulars, the GAPP is mainly responsible for the examination and approval process prior to publication of online games (i.e. “advance examination for online game publication”), while the PRC Ministry of Culture is mainly responsible for managing and regulating the online game industry. In March 2013, the State Council promulgated the Plan for the Institutional Restructuring of the State Council and Transformation of Functions (《國務院機構改革和職能轉變方案》) and established the State Administration of Press, Publication, Radio, Film and Television of the PRC (the “SAPPRFT”), which incorporated the GAPP. According to the Regulations on the Main Functions, Internal Organization and Staffing of SAPPRFT (《國家新聞出版廣電總局主要職責內設機構和人員編制規定的通知》) issued by the General Office of the State Council on July 11, 2013, the division of authorities between SAPPRFT and the Ministry of Culture in respect of online game administration remains the same.

Our PRC Legal Advisor is of the view that the provision of mobile top-up services and data usage top-up services by the Group will not be treated as “online publication of online game products” under the GAPP Notice and the GAPP Notice is not applicable to the Group. Based on the aforesaid, the confirmation of the Directors and upon reasonable assessment, our PRC Legal Advisor is of the view that the Group does not engage in online game operation as set out by the GAPP Notice, the GAPP Notice is not applicable to the Group and the legality of the Contractual Arrangements will not be challenged by PRC government authorities based on the GAPP Notice.

On April 10, 2015, the Sole Sponsor and our PRC Legal Advisor conducted an interview with an officer of the Shenzhen Communications Administration Bureau (深圳市通信管理局) in respect of our Contractual Arrangements. According to the officer, (i) no approval from the authority in charge of communications administration is required for the execution of the Contractual Arrangements; (ii) the execution of the Contractual Arrangements does not violate any mandatory PRC laws and regulations concerning foreign investment in domestic telecommunications enterprises; and (iii) there is no prohibitive or restrictive requirement with respect to the Contractual Arrangements under PRC law. Our PRC Legal Advisor is of the view that the Shenzhen Communications Administration Bureau is the competent authority to give such confirmation.

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Our PRC Legal Advisor, after taking reasonable actions and steps to reach its legal conclusions, is of the following legal opinion:

- (i) each of Shenzhen NNK and Daily Charge Shenzhen is duly established and validly existing under the PRC laws, and has obtained or completed all requisite approvals, permits, registrations or filings that are material for carrying out its business operations as required by the applicable PRC laws, regulations and rules;
- (ii) each of the agreements comprising the Contractual Arrangements, taken individually and collectively constitute legal, valid and binding obligations of the parties thereto and the parties thereto have the ability and qualifications to enter into the Contractual Arrangements, in particular, the terms of the agreements comprising the Contractual Arrangements do not, individually or collectively, violate the provisions of the PRC Contract Law, the General Principles of the PRC Civil Law and other applicable PRC laws and regulations, except that (a) the SCIA has no power to grant injunctive relief, nor will it be able to order the winding up of Shenzhen NNK pursuant to the current PRC laws; and (b) interim remedies or enforcement order granted by overseas courts such as the courts of Hong Kong and the Cayman Islands may not be recognized or enforceable in the PRC;
- (iii) none of the agreements comprising the Contractual Arrangements violates any provisions of the existing articles of association of each of Daily Charge Shenzhen and Shenzhen NNK;
- (iv) the execution, effectiveness and enforceability of the Contractual Arrangements do not require any approvals from any PRC governmental authority, except that the Equity Pledge Agreement is subject to registration requirements with the relevant Administration for Industry and Commerce, and registration of the Equity Pledge Agreement has been duly completed according to the terms of the agreement;
- (v) under the prevailing PRC laws, in the event that Shenzhen NNK or the Registered Shareholders fail to perform their respective obligations under the Contractual Arrangements, it is lawful for the pledgee to enforce the equity pledge under the Equity Pledge Agreement after taking the necessary enforcement steps; and
- (vi) the consummation of the contemplated listing of our company's shares on the Stock Exchange is not a violation of the M&A Rules.

A Supreme People's Court ruling (the "Supreme People's Court Ruling") made in October 2012 and two arbitral decisions from the Shanghai International Economic and Trade Arbitration Commission made in 2010 and 2011 invalidated certain contractual agreements which were considered to be entered into with the intention of circumventing foreign investment restrictions in the PRC in contravention of the PRC Contract Law and the General Principles of the PRC Civil Law. It has been further reported that these court ruling and arbitral decisions may increase (i) the possibility of the PRC courts and/or arbitration panels taking similar actions against contractual structures commonly adopted by foreign investors to engage in restricted businesses in the PRC and (ii) the incentive for the Registered Shareholders under such contractual structures to renege on their contractual

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obligations. Our PRC Legal Advisor is of the view that (i) the Contractual Arrangements adopted by the Group are not in breach of any applicable PRC laws and regulations except that (1) arbitral tribunal has no power to grant injunctive relief, nor will it be able to order the winding up of Shenzhen NNK pursuant to the current PRC laws; and (2) interim remedies or enforcement order granted by overseas courts such as the courts of Hong Kong and the Cayman Islands may not be recognizable or enforceable in China; (ii) to their knowledge, the relevant terms of our Contractual Arrangements do not fall within any of the circumstances under Section 52 of the PRC Contract Law pursuant to which the contracts would be determined to be invalid; (iii) our corporate structure and the Contractual Arrangements are distinguishable from the facts as reported in the Supreme People's Court Case; (iv) the Supreme People's Court Case may not be considered as authority in deciding other cases as it was not, as of the Latest Practicable Date, a guiding case specifically published by the Supreme People's Court of the PRC (指導性案例) which should be referred to by lower level people's courts throughout China; and (v) decisions of the arbitral tribunals are not published and have no legally binding effect on future arbitration cases in China.

In addition, our PRC Legal Advisor is of the opinion that the Contractual Arrangements would not be deemed as void under PRC Contract Law as they do not fall within any of the five circumstances under Section 52 of the PRC Contract Law. Pursuant to Section 52 of the PRC Contract Law, a contract is void under any of the following circumstances: (i) the contract is concluded through the use of fraud or coercion by one party and therefore damages the interest of the state; (ii) malicious collusion is conducted to damage the interest of the State, a collective unit or a third party; (iii) the contract damages the public interest; (iv) an illegitimate purpose is concealed under the guise of legitimate acts; or (v) the contract violates the mandatory provisions of the laws and administrative regulations. The Contractual Arrangements do not fall within circumstance (i) under Section 52 of the PRC Contract Law, because the Contractual Arrangements were freely negotiated and entered into by Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders, and no apparent interest of the State was damaged by the Contractual Arrangements. Neither do the Contractual Arrangements fall within circumstances (ii) or (iii) because there was no malicious collusion or apparent damage to the interest of the State, a collective unit, a third party or the public. The Contractual Arrangements do not fall within circumstance (v) because none of the arrangements violate any mandatory provisions of current laws in the PRC, which refers to laws promulgated by the National People's Congress of the PRC or its Standing Committee, or any mandatory provisions of administrative regulations in the PRC, which refers to administrative regulations issued by the State Council of the PRC.

Our PRC Legal Advisor is of the view that the Contractual Arrangements do not fall within any of the five circumstances set forth in Section 52 of the PRC Contract Law. In particular, the Contractual Arrangements would not be deemed as "concealing illegal intentions with a lawful form" such that they also do not fall within circumstance (iv) under Section 52 of the PRC Contract Law. This is because the Contractual Arrangements were not entered into for illegitimate purposes. The purposes of the Contractual Arrangements are (i) to enable Shenzhen NNK to transfer its economic benefits to Daily Charge Shenzhen as service fees for engaging Daily Charge Shenzhen as its exclusive provider of technical support, business support, relevant consulting services and other services, and (ii) to ensure that the Registered Shareholders do not take any actions that are contrary to the interests of Daily Charge Shenzhen. None of these purposes in and of themselves are illegal or illegitimate, and the individual contracts that comprise the Contractual Arrangements are common agreements that are legitimate and legal. In accordance with Section 4 of the PRC Contract Law, which is a section of the

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Part One (General Principles) of the PRC Contract Law setting forth fundamental principles under the PRC Contract Law, the parties to the Contractual Arrangements have the right to enter into contracts in accordance with their own wishes and no person may illegally interfere with such right. In addition, the effect of the Contractual Arrangements, which is to allow our company to list on the Stock Exchange while obtaining the economic benefits of Shenzhen NNK, is not for an illegitimate purpose, as evidenced by the fact that a number of currently listed companies also adopt a similar contractual structure.

Our PRC Legal Advisor further confirms that as far as they are aware, no regulatory or legislative actions have been taken by the PRC governmental authorities on any existing contractual structures of publicly listed PRC companies.

Our PRC Legal Advisor confirms that it has reviewed the relevant disclosure on the Contractual Arrangements in this prospectus. Based on our PRC Legal Advisor's legal opinions and the interviews with the competent PRC authorities as stated above, our Directors believe that each of the agreements constituting the Contractual Arrangements which confers significant control and economic benefits from Shenzhen NNK to Daily Charge Shenzhen is enforceable under the relevant PRC laws and regulations. The Sole Sponsor also confirms that the Contractual Arrangements are in full compliance with the Listing Decision HKEx-LD43-3 published by the Stock Exchange.

The Draft Foreign Investment Law

On January 19, 2015, MOFCOM published the Foreign Investment Law of the PRC (Draft for Comment) (《中華人民共和國外國投資法(草案徵求意見稿)》) (the "Draft Foreign Investment Law") for public comment, which contains changes to the PRC foreign investment legal regime and the treatment of the contractual structure. The Notes to the Foreign Investment Law of the PRC (Draft for Comment) (《關於〈中華人民共和國外國投資法(草案徵求意見稿)〉的說明》) (the "Explanatory Notes") was published along with the Draft Foreign Investment Law on the same date by MOFCOM. Currently, neither the Draft Foreign Investment Law nor the Explanatory Notes gives an accurate timeline for the draft to come into effect and a description as to what degree the final legislation would adhere to the draft.

The Draft Foreign Investment Law clearly defines contractual arrangements as a form of foreign investment. After the entry into force of the Draft Foreign Investment Law, the Draft Foreign Investment Law shall apply to investments by contractual arrangements.

There is no clear guidance on the treatment of existing and new contractual structures in the Draft Foreign Investment Law. The Explanatory Notes cites three views in theoretical and practical fields about ways to deal with contractual structures adopted before the effectiveness of the Draft Foreign Investment Law for public discussion (which is yet to be considered by legislators): (i) the foreign investment enterprise may, after making filing (申報) to the competent regulatory authority that it is under the actual control of PRC investors, keep its contractual structure and continue its operation; (ii) the foreign investment enterprise shall apply to the competent regulatory authority for a confirmation (認定) that it is under the actual control of PRC investors, and may, after getting such a confirmation, keep its contractual structure and continue its operation; or (iii) the foreign investment enterprise shall apply for access permission (准入許可) for the investment with the competent regulatory authority, and such authority will, together with other relevant authorities, decide whether

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to grant such a permission based on factors including the controlling status of such an enterprise. To further clarify, for the first way, “making filing” is simply an information disclosure obligation, which means the enterprise does not have to receive any confirmation or permission from the competent authorities, while for the second and third ways, the enterprise has to receive either the confirmation or the access permission from the competent authorities. For the latter two ways, the second way focuses on the nationality of the controller, whereas the third way may take, besides the nationality of the controller, other factors (which is not clearly defined in the Draft Foreign Investment Law and the Explanatory Notes) into consideration.

For the purpose of the Draft Foreign Investment Law, “control” refers to the circumstance that any of the following conditions is met with respect to an enterprise: (i) holding, directly or indirectly, not less than 50% of shares, equities, share of properties, voting rights or other similar rights of the enterprise; (ii) holding, directly or indirectly, less than 50% of shares, equities, share of properties, voting rights or other similar rights of the enterprise, but falling under any of the following circumstances: (a) having the right to directly or indirectly appoint not less than half of the members of the board of directors or other similar decision-making body of the enterprise; (b) having the ability to ensure that its nominees occupy not less than half of the seats on the board of directors or other similar decision-making body of the enterprise; or (c) holding voting rights sufficient to impose significant impact on any resolution of the board of shareholders, at the general meeting of shareholders, or of the board of directors or other decision-making body of the enterprise; or (iii) imposing decisive impact on the operation, finance, personnel or technology of the enterprise by contract, trust, or other means. For the purpose of the Draft Foreign Investment Law, “actual control” refers to “control” as defined above, whether directly or indirectly, as advised by our PRC Legal Advisor.

As defined in the Draft Foreign Investment Law, “PRC investors” refer to the following subjects: (i) natural persons of PRC nationality; (ii) the PRC government and the departments or agencies thereunder; or (iii) domestic enterprises under the control of the subjects as mentioned in the preceding two items. Meanwhile, “foreign investors” refer to the following subjects making investments within the territory of the PRC: (i) natural persons without the PRC nationality; (ii) enterprises incorporated under the laws of countries or regions other than the PRC; (iii) the governments of countries or regions other than the PRC and the departments or agencies thereunder; or (iv) international organizations. Domestic enterprises under the control of the subjects as mentioned in the preceding paragraph are also deemed as foreign investors.

There is also a difference in the treatment of investments in business in the Prohibit and Restricted Lists. The Catalogue of Special Administrative Measures(《特別管理措施目錄》), which is a negative list (負面清單) for foreign investments in the PRC, may take the role of the Catalogue for the Guidance of Foreign Investment Industries(《外商投資產業指導目錄》) after the effectiveness of the Draft Foreign Investment Law. The Catalogue of Special Administrative Measures is classified into the Catalogue of Prohibitions and the Catalogue of Restrictions. The Draft Foreign Investment Law has also abolished the case-by-case examination and approval system established by current PRC foreign investment laws and regulations, and has designed the foreign investment access administration system corresponding to the management mode of pre-access national treatment (准入前國民待遇) plus negative list. The competent authorities of foreign investment only grant access permission for investments within the fields specified in the Catalogue of Special

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Administrative Measures, and the objects of review are no longer the contracts and articles of association, but foreign investors and their investment behavior. Under the management mode of the negative list, the majority of foreign investment access matters will no longer be subject to examination and approval. It also provides that foreign investors must perform the reporting obligations when investing within the territory of China, whether within the fields specified in the Catalogue of Special Administrative Measures or not.

Furthermore, the Draft Foreign Investment Law proposes legal liability for acts which intend to circumvent PRC foreign investment laws and regulations. Where foreign investors and foreign-invested enterprises circumvent the provisions in the Draft Foreign Investment Law by entering into contractual arrangements, making investments in fields specified in the Catalogue of Prohibitions, or in fields specified in the Catalogue of Restrictions without authorization or violate the information reporting obligations specified in the Draft Foreign Investment Law, penalties such as fines, revocation of certificates or licenses of the enterprise and imprisonment of the directly responsible persons will be imposed in accordance with the Draft Foreign Investment Law.

As of the Latest Practicable Date, Huang Junmou, Yang Hua, Li Xiangcheng and Xu Xinhua (collectively, the “Ultimate Controlling Persons”), who together hold 80% of the entire issued share capital of our company immediately prior to the Global Offering, are natural persons of PRC nationality (for further details of the corporate structure and shareholding structure of our company, please refer to the section headed “History, Reorganization and Corporate Structure - Corporate and Shareholding Structure”). Accordingly, the Group, including Shenzhen NNK, is under control of natural persons who are Chinese nationals. Based on the current draft form and content of the Draft Foreign Investment Law, our PRC Legal Advisor is of the view that the current contractual structure adopted by the Group is likely to be deemed as an investment under actual control of “PRC investors” (i.e. domestic investment). To ensure that the Group’s contractual structure will continue to be treated as a domestic investment if the Draft Foreign Investment Law becomes effective in its current draft form and content and to avoid the aforementioned penalty, our Directors will continue to keep themselves up-to-date with the developments of the Draft Foreign Investment Law.

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme), the Ultimate Controlling Persons will together hold 60% of the entire issued share capital of our company. On August 24, 2015, the Ultimate Controlling Persons undertook to keep our company “controlled” (as defined in the Draft Foreign Investment Law, its updated or final form) by “PRC investors”, unless our company is permitted by applicable PRC laws and regulations then in force to be “controlled” by foreign investors. The Ultimate Controlling Persons also undertook to maintain their PRC nationalities so as to be qualified as “PRC investors”. Each of the Ultimate Controlling Persons further undertook that he will only dispose of any of his interest in the shares of our company, if (i) after such disposal, our company will still be considered as “controlled” by “PRC investors”; (ii) all the other Ultimate Controlling Persons have given their written consent to such disposal; and (iii) where following the disposal, the Ultimate Controlling Persons will hold not more than 50% voting rights in our company, the subsequent transferee must (a) be a “PRC investor”; (b) undertake the same as the Ultimate Controlling Persons did; and (c) act in concert with the remaining Ultimate Controlling Persons from then on. Prior to such disposal, the Ultimate Controlling Persons

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must demonstrate to the satisfaction of our company and the Stock Exchange that our company will remain “controlled” by “PRC investors” after such disposal. The aforesaid undertaking was made to our company, which has agreed with the Stock Exchange to enforce such undertaking solely for the purpose of complying with the relevant foreign investment laws and related laws applicable to our Group from time to time in connection with domestic investment and will remain effective until compliance with the relevant foreign investment laws and related laws is not required and shall only terminate subject to the approval of our company and that the Ultimate Controlling Persons can demonstrate to the satisfaction of our company and the Stock Exchange that our Group is no longer required to comply with the relevant foreign investment laws and related laws in relation to domestic investment. The Ultimate Controlling Persons have been acting in concert within the meaning of the Takeovers Code and will continue to act in concert with each other in the decision-making of each member of our Group. Given this and the aforesaid undertaking, our PRC Legal Advisor is of the view that our company is likely to remain “controlled” (as defined in the Draft Foreign Investment Law, its updated or final form) by “PRC investors” following the Listing.

In addition, according to the Draft Foreign Investment Law, where foreign-incorporated enterprises controlled by PRC investors engage in any investment set out in the Catalogue of Restrictions in the PRC, they may, when applying for access permission, submit documentary evidence to apply for being classified as an investment by PRC investors. When the Draft Foreign Investment Law comes into effect with the current draft form and content, we will immediately submit an application for the access permission when the law enters into force. Upon approval and being identified as a domestic investment by the competent authorities, our Group will unwind the Contractual Arrangements by exercising the option under the Exclusive Option Agreement and control Shenzhen NNK through direct holding of its equity interest.

Currently, the Draft Foreign Investment Law is an incipient and immature draft and there is no clear guidance on the impact to our company’s operations in the event that the Contractual Arrangements are not treated as a domestic investment and our Principal Business is prohibited from foreign investment, e.g. falls into a Prohibit List of foreign investment or any list plays the role of it. It is also unclear when the Draft Foreign Investment Law will finally come into effect. In the worst scenario, the relevant regulatory authorities may declare the agreements constituting the Contractual Arrangements null and void, resulting in our company’s losing control over the PRC Operating Entity and failing to receive any economic benefits, including any revenue or profit, from it. (For more details about the risks, please refer to the section headed “Risk Factors — Risks Relating to Our Contractual Arrangements — If the PRC government finds that the agreements that establish the structure for operating our China business do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations”). Save as disclosed in the sections headed “Regulations — Laws and Regulations Relating to Foreign Investment Enterprises Establishment and Operation — Regulations on foreign investment enterprises establishment”, “Regulations — Laws and Regulations Relating To Value-Added Telecommunications Services and Internet Information Services — Regulations relating to foreign investments in value-added telecommunications industry”, “Risk Factors — Risks Relating to Our Contractual Arrangements” and “History, Reorganization and Corporate Structure — Contractual Arrangements” in the prospectus, we are not aware of any other laws and regulations relating to the businesses conducted under the Contractual Arrangements which may have impact on whether the Contractual Arrangements can be unwound.

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Our Directors' and Sole Sponsor's Views

Given that (i) the Ultimate Controlling Persons are natural persons of the PRC nationality and accordingly, our Group, including Shenzhen NNK, was under control of natural persons of the PRC nationality as of the Latest Practicable Date; and (ii) the Ultimate Controlling Persons undertook (a) to maintain their PRC nationality so as to qualified as a “PRC investor” under the Draft Foreign Investment Law; and (b) to keep our company “controlled” by “PRC investors”, our Directors and the PRC Legal Advisor consider and the Sole Sponsor concurs that the Contractual Arrangements are likely to be deemed a domestic investment and be permitted to continue if the Draft Foreign Investment Law becomes effective in its current draft form.

Taking into account that (i) each of the agreements governing the Contractual Arrangements is not in violation of existing relevant PRC laws and regulations and is therefore valid and legally enforceable, as advised by our PRC Legal Advisor; (ii) the Contractual Arrangements provide a mechanism for us to exercise effective control over Shenzhen NNK, as detailed in the paragraph headed “Effect and Legality of the Contractual Arrangement” above in this section; (iii) the Ultimate Controlling Persons and our Directors have undertaken to take actions to ensure that our Group are continuously controlled by PRC investors in any possible way as described above, and therefore our Group’s contractual structure will likely be treated as a domestic investment and be permitted to continue if the Draft Foreign Investment Law becomes effective in its current draft form; and (iv) we will unwind the Contractual Arrangements to acquire the entire interest in Shenzhen NNK in order to take operational control as and when it is lawful for our company to operate the Principal Business without the Contractual Arrangements, our Directors consider and the Sole Sponsor concurs that our Group is able to maintain control over Shenzhen NNK and receive all economic benefits derived from it provided that there is no substantial change on the current Draft Foreign Investment Law or other existing relevant laws and regulations in the future.

Based on our PRC Legal Advisor’s legal opinions and the interviews with the competent PRC authorities as stated above in this section, our Directors believe that each of the agreements constituting the Contractual Arrangements which confers significant control and economic benefits from Shenzhen NNK to Daily Charge Shenzhen is enforceable under the existing relevant PRC laws and regulations. As long as our Group is under the control of PRC investors, the existing business of our Group in the PRC is likely to be deemed a domestic investment if the Draft Foreign Investment Law becomes effective in its current draft form. In such circumstance, our Group may keep its Contractual Arrangements and continue its operations in the PRC by doing the required filing or application as stipulated in the Draft Foreign Investment Law or shall unwind the Contractual Arrangements and control Shenzhen NNK by holding its equity interest directly. On this basis, the Sole Sponsor concurs with the Directors’ view that the Draft Foreign Investment Law would have minimal impact on the Group’s business operations if it comes into effect with its current form and content. However, given that all of our business operations are conducted under the Contractual Arrangements, in the event that the Contractual Arrangements are declared null and void by the PRC government authorities or our mobile top-up services and data usage top-up services are ordered to be discontinued, our business may not be sustainable.

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Accounting Aspects of the Contractual Arrangements

According to HKFRS 10, “Consolidated Financial Statements”, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Although we do not directly or indirectly own Shenzhen NNK, the Contractual Arrangements as mentioned above enable us to exercise control over Shenzhen NNK.

Pursuant to the Management and Operation Agreement, Daily Charge Shenzhen agrees to provide to Shenzhen NNK and its subsidiaries management and operation services in exchange for service fees. The service fee, subject to Daily Charge Shenzhen’s adjustment, is equal to 100% of the annual revenue of Shenzhen NNK after deducting costs and expenses incurred during the course of management and operation, the prior-year loss (if any) and contribution of social insurance and housing provident fund by Shenzhen NNK in any given year. Accordingly, Daily Charge Shenzhen has the ability, at its sole discretion, to extract substantially all of the economic benefit of Shenzhen NNK through the Management and Operation Agreement.

In addition, pursuant the Exclusive Option Agreement among the parties, Daily Charge Shenzhen has absolute control over the distribution of dividends or profits to the Registered Shareholders as Daily Charge Shenzhen’s prior written consent is required.

Further, pursuant the Entrustment Agreement and Powers of Attorney, Daily Charge Shenzhen assumes all rights as shareholders and exercises control over Shenzhen NNK, including the right to amend the articles of association of Shenzhen NNK, the right to convene and attend shareholders’ meetings, the right to sell, transfer, pledge or dispose of any shares and the right to exercise shareholders’ voting rights and to nominate and elect director and/or supervisors of Shenzhen NNK. As a result of these agreements, we have obtained control of Shenzhen NNK through Daily Charge Shenzhen and, under our sole discretion, can receive substantially all of the economic interest returns generated by Shenzhen NNK. Accordingly, Shenzhen NNK’s results of operations, assets and liabilities, and cash flows are combined into our financial statements during the relevant times.

BUSINESS

OVERVIEW

We are a leading specialized online transaction service provider in the mobile top-up service industry in China, according to CCID. In 2006, we became 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. According to CCID, the mobile top-up service industry in China will grow from RMB849.4 billion in 2014 to RMB1,152.8 billion in 2019, representing a CAGR of 6.3%. In particular, the online mobile top-up market in China will grow from RMB236.1 billion in 2014 to RMB436.0 billion in 2019, representing a CAGR of 13.1%. In addition, revenue derived from online mobile top-up channels represented approximately 27.8% of the revenue derived from all mobile top-up channels in 2014, and is expected to increase to approximately 37.8% in 2019. CCID further projects that revenue from mobile top-up services derived from electronic banking systems maintained by PRC banks will increase at approximately 11.5% each year over the following five years. We believe that our leading market position, together with our early mover advantage, well positions us to capture growth opportunities in the mobile top-up service industry in China.

We primarily engage in providing mobile top-up services to mobile users through electronic banking systems of PRC banks. We are the largest provider of mobile top-up services through electronic banking systems in China in terms of transaction volume, with a market share of 61.5% in 2014, according to CCID. As of the Latest Practicable Date, we provided our services through the electronic banking systems of 45 PRC banks, including the Five Largest State-owned Commercial Banks and ten of the 12 Nation-wide Joint Stock Commercial Banks. In January 2015, we launched data usage top-up services. We are the first specialized data usage top-up service provider in China through electronic banking systems with services covering nation-wide networks operated by the three PRC telecommunication operators, according to CCID.

We have cultivated a large user base by providing fast, reliable and convenient online mobile top-up services to our customers. We experienced significant growth during the Track Record Period. The number of mobile users who used our services through various channels, including electronic banking systems of PRC banks, offline channels and other channels, increased from approximately 33.6 million in 2012 to approximately 51.8 million in 2013 and approximately 82.0 million in 2014, representing a CAGR of 56.2%. The number of mobile users who used our services through various channels, including electronic banking systems of PRC banks, offline channels and other channels, increased from approximately 63.5 million for the nine months ended September 30, 2014 to approximately 73.4 million for the nine months ended September 30, 2015, representing an increase of 15.6%. In 2012, 2013 and 2014, our 007ka Top-up Platform processed approximately 73 million, 127 million and 202 million mobile top-up requests, respectively, representing a CAGR of 66.3%, with a gross transaction value of RMB5,708.4 million, RMB9,981.5 million and RMB16,110.3 million, respectively, representing a CAGR of 68.0%. For the nine months ended September 30, 2015, our 007ka Top-up Platform processed approximately 170.4 million mobile top-up requests, representing a 17.1% increase from approximately 145.5 million mobile top-up requests for the nine months ended September 30, 2014. The gross transaction value with mobile users for the nine months ended September 30, 2015 amounted to approximately RMB14,377.9 million, representing a 25.3% increase from approximately RMB11,477.1 million for the nine months ended September 30, 2014.

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COMPETITIVE STRENGTHS

Leading specialized online transaction services provider in the mobile top-up service industry in China

We are a leading specialized online transaction services provider in the mobile top-up service industry in China, according to CCID. In 2006, we became the first specialized mobile top-up service provider through electronic banking systems with services covering nation-wide networks operated by the PRC telecommunication operators. We had a market share of 61.5% in 2014, as measured by transaction volume, among specialized online top-up mobile service providers through electronic banking systems in China, according to CCID. In January 2015, we launched data usage top-up services. We are the first specialized data usage top-up service provider in China through electronic banking systems with services covering nation-wide networks operated by the three PRC telecommunication operators, according to CCID. Leveraging our early mover advantages, we have rapidly grown our market share to our current No. 1 market position among mobile top-up service providers that provide services through electronic banking systems in China.

We experienced significant growth during the Track Record Period. In 2012, 2013 and 2014, our 007ka Top-up Platform processed approximately 73 million, 127 million and 202 million mobile top-up requests, respectively, representing a CAGR of 66.3%, with a gross transaction value amounting to RMB5,708.4 million, RMB9,981.5 million and RMB16,110.3 million, respectively, representing a CAGR of 68.0%. For the nine months ended September 30, 2015, our 007ka Top-up Platform processed approximately 170.4 million mobile top-up requests, representing a 17.1% increase from approximately 145.5 million mobile top-up requests for the nine months ended September 30, 2014. The gross transaction value with mobile users for the nine months ended September 30, 2015 amounted to approximately RMB14,377.9 million, representing a 25.3% increase from approximately RMB11,477.1 million for the nine months ended September 30, 2014. According to CCID, revenue from online mobile top-up channels represented approximately 27.8% of the revenue derived from all mobile top-up channels in 2014, and is expected to increase to approximately 37.8% in 2019, and revenue derived from electronic banking systems maintained by PRC banks will increase at approximately 11.5% each year over the following five years, which will significantly outpace the expected CAGR of 6.3% from RMB849.4 billion in 2014 to RMB1,152.8 billion in 2019 of the mobile top-up service industry in general. We believe that our leading market position, together with our early mover advantage, well positions us to capture growth opportunities in the online mobile top-up service industry in China.

Large and fast-growing user base

We have cultivated a large user base through providing fast, reliable and convenient online mobile top-up services to mobile users, who are customers of our channel partners, including PRC banks, offline channel partners and other channel partners. The number of mobile users who used our services through various channels, including electronic banking systems of PRC banks, offline channels and other channels, increased from approximately 33.6 million in 2012 to approximately 51.8 million in 2013 and approximately 82.0 million in 2014, representing a CAGR of 56.2%. For the nine months ended September 30, 2015, the number of mobile users who used our services through various channels, including electronic banking systems of PRC banks, offline channels and other channels,

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increased to approximately 73.4 million from approximately 63.5 million for the nine months ended September 30, 2014, representing an increase of approximately 15.6%. Our average daily users increased from approximately 193,000 in 2012 to approximately 325,000 in 2013 and approximately 518,000 in 2014, representing a CAGR of 63.8%. For the nine months ended September 30, 2015, our average daily users increased to approximately 580,000 from approximately 504,000 for the nine months ended September 30, 2014, representing an increase of approximately 15.1%.

Our large and fast-growing user base is a significant growth driver for our business as it enhances our brand among PRC banks and large third-party online platforms, which seek respected, successful partners to offer mobile top-up services to their customers. Our large user base also allows us to analyze users' spending patterns and preferences. These data help us to develop and implement our growth plans, expand our relationships with our business partners, including PRC banks and third-party online platforms, and improve our services. We plan to use the data we collect to help us develop tailored services for our users in order to enhance user experience. In addition, our large and fast-growing user base will provide us with opportunities to market and deliver other value-added services and products. We also believe that our large user base creates a barrier to entry for competitors in the mobile top-up service industry in China.

Largest and pioneer mobile top-up service provider through electronic banking systems of PRC banks

We began providing mobile top-up services through electronic banking systems of PRC banks with the launch of our 007ka Top-up Platform in 2006, and were the first specialized mobile top-up service provider offering services through electronic banking systems to cover the nation-wide networks operated by the three PRC telecommunication operators, according to CCID. Since our inception, we have significantly grown our business, and have become the largest mobile top-up service provider offering mobile top-up services through electronic banking systems in China in terms of transaction volume, with a market share of 61.5% in 2014.

Since our inception, we have dedicated substantial efforts and technical resources to improve our platform, and we work with the PRC banks to design and develop systems to provide quality services to their customers. As a result of our efforts, we have been able to meet stringent technological requirements set by the PRC banks with our secure and reliable mobile top-up service platform.

Our leading market position and early mover advantage allow us to establish and maintain long-term cooperative relationships with PRC banks. As of the Latest Practicable Date, we provided mobile top-up services through electronic banking systems of 45 PRC banks, including the Five Largest State-owned Commercial Banks and ten of the 12 Nation-wide Joint Stock Commercial Banks. Given our early mover advantage, secure and reliable top-up service platform and quality services, we believe that our PRC bank partners will continue to work with us instead of terminating our cooperative arrangements and working with our competitors.

Our stable and long-term relationships with PRC banks are testaments to our strong reputation for quality, secure and reliable top-up services. We believe that our relationships with leading PRC banks helps enhance our brand and reputation in the mobile top-up service industry, provide us with a competitive advantage in pursuing new business opportunities with additional banks, and create a barrier to entry for our competitors.

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A reliable, secure and scalable proprietary operating platform supported by our robust research and development capabilities

We are a technology-driven company and have invested significant resources in developing our reliable, secure and scalable proprietary 007ka Top-up Platform. Our module-based 007ka Top-up Platform is highly scalable, enabling us to quickly expand system capacity and add new functionality to accommodate the expansion of our business and evolving demands from our customers without incurring significant costs or affecting the operation of existing modules. Our operating platform is protected by firewalls and encryption technologies, which safeguard our system against unauthorized access and blocking attacks.

This platform enables us to quickly and accurately process a large number of top-up requests at the same time. In 2012, 2013 and 2014, we had average gross transaction volumes of approximately 199,000, 347,000 and 553,000 per day, respectively, representing a CAGR of 66.7%, with average gross transaction values of approximately RMB15.6 million, RMB27.3 million and RMB44.1 million per day, respectively, representing a CAGR of 68.1%. For the nine months ended September 30, 2014 and 2015, we had average gross transaction volumes of approximately 533,000 and 624,000 per day, respectively, representing an increase of 17.1%, with average gross transaction values of approximately RMB42.0 million and RMB52.7 million per day, respectively, representing an increase of 25.3%.

We believe we have industry-leading research and development capabilities. Our continuous pursuit of technological innovation allows us to deliver superior user experience and respond quickly to changing industry trends in order to capture growth opportunities in our industry. In 2006, we launched an automatic top-up system which is capable of topping up telephone accounts by automatically connecting to the BOSS system operated by the PRC telecommunication operators, replacing the manual top-up method historically adopted by other top-up service providers. In 2008, we integrated an automatic voice recognition system into our 007ka Top-up Platform, enabling us to process top-up requests more efficiently and reduce error rates. In 2014, the Technological Innovation Committee of Shenzhen, Finance Commission of Shenzhen, Shenzhen Office of State Administration of Taxation and Shenzhen Local Taxation Bureau jointly recognized us as a National High and New Technology Enterprise because of our innovative technologies.

We have a large and experienced research and development team that designs, develops, and operates our 007ka Top-up Platform. As of the Latest Practicable Date, our research and development team included 53 full time personnel, all of whom have obtained bachelor's or other advanced degrees. As of the Latest Practicable Date, we had registered 10 software copyrights in relation to our 007ka Top-up Platform. We believe that our highly reliable, secure and scalable operating platform and strong research and development capabilities provide us a competitive advantage over our competitors.

Devoted and experienced management team

We have a devoted and experienced management team with a deep understanding of the mobile top-up service industry in China. Our senior management team has significant experience in the mobile top-up service industry. Huang Junmou, our co-founder and chairman of the board, has over

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10 years of experience in the information technology related industry, including over eight years of experience in the mobile top-up service industry. Yang Hua, our co-founder and chief executive officer, has over 10 years of experience in the Internet industry, including over eight years of experience in the mobile top-up service industry. Huang Junmou and Yang Hua have led us since our inception in 2006 to 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 our rapid growth. Mr. Luo Mingxing, our chief financial officer, has nearly 17 years of experience in finance and accounting. Our senior management team has a proven track record in identifying market opportunities and executing plans and strategies to achieve our leading market position in China. We believe that under their leadership, we are well positioned to effectively compete in the mobile top-up service industry in China.

STRATEGIES

Our goal is to become the largest online transaction services provider in the mobile top-up service industry in China. We plan to accomplish this goal by pursuing the following strategies:

Enhance our cooperation with PRC banks and continue to expand our bank network

As of the Latest Practicable Date, we had cooperative relationships with 45 PRC banks, including the Five Largest State-owned Commercial Banks and ten of the 12 Nation-wide Joint Stock Commercial Banks. Leveraging our strong relationships with leading PRC banks, we aim to explore opportunities to collaborate with additional PRC banks, particularly city commercial banks and rural cooperative financial institutions. China's commercial banks comprise the Five Largest State-owned Commercial Banks, the 12 Nation-wide Joint Stock Commercial Banks, over 140 city commercial banks and thousands of rural cooperative financial institutions. We believe that our early-mover advantage in cooperating with the leading PRC banks will help us develop relationships with the city commercial banks and rural cooperative financial institutions as they develop electronic banking systems.

In addition, enhancing our cooperation with our existing PRC bank partners is important to the growth of our business. Currently, we provide our mobile top-up services primarily through online banking and mobile phone banking systems maintained by PRC banks. We plan to expand our services to include other types of electronic banking systems, such as telephone banking systems, third-party payment platforms, such as WeChat, and online shopping malls operated by PRC banks. Furthermore, to complement our mobile top-up services provided through mobile banking applications for holders of debit cards, we are working with PRC banks to offer mobile top-up services through mobile applications designed for holders of credit cards.

Expand our service offerings

We launched our data usage top-up services in January 2015, and plan to further develop and expand these services and diversify our revenue sources. We intend to work with our existing PRC bank partners to design and develop systems that can provide data usage top-up services through their electronic banking systems. We also intend to market the new services to additional PRC banks to capture opportunities in the PRC mobile Internet market. Driven by the development of mobile

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technology, network infrastructure and mobile Internet applications, the number of PRC mobile Internet users increased rapidly from 303 million as of December 31, 2010 to 557 million as of December 31, 2014, representing a CAGR of 16.4%, and is forecast to further increase to 880 million by the end of 2019, according to CCID. In addition, the ARPU for mobile data services increased from RMB13.7 in 2010 to RMB25.7 in 2014, representing a CAGR of 17.0%, and is expected to reach RMB46.0 in 2019, representing a CAGR of 12.3% from 2014 and accounting for 66.8% of the ARPU for the overall mobile telecommunication services in 2019 according to CCID. We believe that our early-mover advantage, reliable, secure and scalable operating platform, and leading position as a mobile top-up service provider through electronic banking systems well position us to capture growth opportunities for data usage top-up services in China.

In addition, we intend to consider expanding our service to include retail banking payment services, such as public utility fee payment and mobile game top-up services, offered through electronic banking systems of PRC banks. As PRC banks continue to develop Internet and mobile technology and expand the services provided through electronic banking systems, we intend to leverage our leading market position to grow our relationships with our bank partners to expand our services and diversify our revenue sources. We will also explore opportunities to utilize third-party resources to provide a service package to the PRC banks to facilitate retail banking payment services. We believe that our early-mover advantage, our reliable, secure and scalable operating platform, and leading position as a mobile top-up service provider through electronic banking systems well position us to capture such opportunities.

Continue to expand our user base

We intend to continue to expand our user base. We believe that the size of our user base not only affects our transaction volume, but also presents a competitive advantage in the mobile to-up service industry. In particular, we plan to:

- enhance our cooperation with PRC banks and continue to expand our bank network to reach additional mobile users;
- expand our service offerings, in particular, the data usage top-up services, to attract new users;
- enhance our cooperation with leading Internet companies to utilize their online and mobile platforms to reach more Internet users; and
- expand our offline channel network by providing convenient mobile top-up services at convenience stores, mobile phone stores and other retail chains.

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Continue to strengthen our research and development capabilities and invest in technology

We believe that technological innovation is the hallmark of a leading mobile top-up service provider. Accordingly, we intend to enhance our research and development capabilities, and devote substantial resources to improving our 007ka Top-up Platform in order to achieve the best experience for our users. Our research and development will focus on developing a business intelligence system which enhances our decision-making capability through analyzing a large amount of transaction data and upgrading our automatic top-up platform to enhance our ability to process mobile top-up requests and to enhance user experience in line with the fast growing Internet market and expand our coverage of more types of mobile terminals. We also intend to expand our research and development team by hiring experienced personnel.

In addition, in view of our future business expansion, we intend to further invest in our technology infrastructure and improve our network. In particular, we plan to enhance the processing capabilities and safety of our 007ka Top-up Platform through purchasing additional servers and network safety solutions. We also intend to install additional backup servers to ensure our continuous services.

Pursue strategic alliances and acquisition opportunities

Although we will primarily grow our business organically, we may pursue selected strategic alliance and acquisition opportunities. We will consider acquisitions of businesses and assets that are complementary to our business and operations, including opportunities that can help us expand our service offerings, improve our technology and infrastructures and enhance our user experience. We have not identified any acquisition target as of the Latest Practicable Date. We believe our successful track record will help us identify alliance and acquisition candidates and execute transactions. Our management plans to carefully evaluate every proposed acquisition, investment or strategic cooperation opportunity that can add long-term value to our shareholders.

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OUR SERVICES

We primarily engage in providing mobile top-up services. Revenue generated from mobile top-up services increased from RMB87.4 million in 2012, RMB136.7 million in 2013 and RMB223.6 million in 2014, representing a CAGR of approximately 59.9%. For the nine months ended September 30, 2015, revenue generated from mobile top-up services increased to approximately RMB182.8 million from approximately RMB161.8 million for the nine months ended September 30, 2014, representing an increase of approximately 13.0%. In addition, we started to provide data usage top-up services in January 2015. The following table sets forth our revenue by operating segment for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2012		2013		2014		2014		2015	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%	Revenue	%
(RMB in thousands, except percentages)										
Continuing operation										
Mobile top-up										
business	87,408	100.0	136,711	98.2	223,553	99.4	161,840	99.2	182,820	100.0
Discontinued operation*										
Online payment										
business	5	0.0	2,556	1.8	1,465	0.6	1,374	0.8	—	—
Less: Elimination	—	—	—	—	(61)	—	(46)	—	—	—
Total	<u>87,413</u>	<u>100.0</u>	<u>139,267</u>	<u>100.0</u>	<u>224,957</u>	<u>100.0</u>	<u>163,168</u>	<u>100.0</u>	<u>182,820</u>	<u>100.0</u>

* Discontinued operation consisted of third-party online payment services provided by Shenzhou Tongfu. See note 13 to the Accountants' Report included as Appendix I to this prospectus.

Mobile Top-up Services

We have developed a reliable, secure and scalable platform, our 007ka Top-up Platform, through which we process mobile top-up requests we receive from mobile users. In China, mobile users may pay for mobile services by crediting their mobile accounts by purchasing scratch mobile top-up cards or virtual mobile top-up cards issued by PRC telecommunication operators. Both scratch and virtual mobile top-up cards are distributed with a unique password. The mobile user can call the PRC telecommunication operators' toll-free numbers to input the password and add mobile top-up credits to their mobile account. Instead of purchasing scratch mobile top-up cards or virtual mobile top-up cards from the PRC telecommunication operators and topping up mobile accounts themselves, in order to save the time and effort, mobile users can choose to request top-up services from a mobile top-up service provider like us. We believe that mobile users choose to use our mobile top-up services because we are able to deliver high-quality top-up services through our 007ka Top-up Platform. We believe that we are able to deliver high-quality services primarily because (i) we have in place a

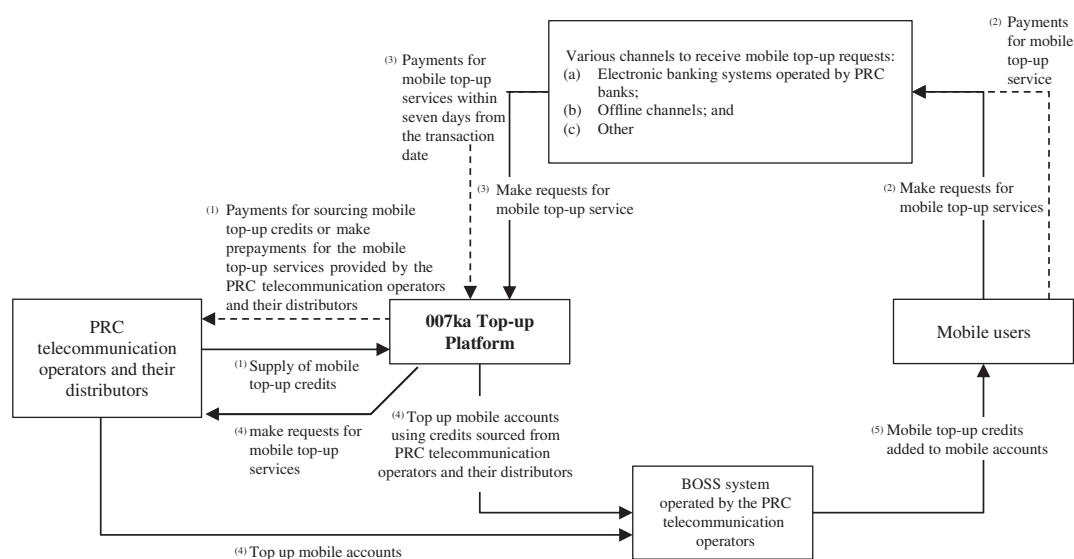
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real-time automatic mechanism to monitor irregularities of top-up results such that we can deal with such irregularities proactively and enable our customers to enjoy fast, reliable and convenient mobile top-up services; and (ii) we provide customer services on a 24/7 basis. In order to enhance our service quality, in particular, to PRC banks, we have also established a 24-hour real-time monitoring mechanism which reports irregularities in our systems to our personnel such that we can deal with irregularities proactively. This allow us to quickly respond to and resolve network malfunction issues to ensure stability and security of our network. In addition, as of the Latest Practicable Date we have maintained a customer service team, comprising 66 personnel among which we designate a portion of staff to exclusively handle enquires or complaints from PRC banks' customers. Furthermore, our mobile top-up services attract mobile users because we provide such services primarily through electronic banking systems of PRC banks, in which we gained a market share of 61.5% in terms of transaction volumes in 2014, according to CCID. Our cooperation with PRC banks allows their customers to utilize our mobile top-up services through their stable and secure online banking systems. We also benefit from the PRC banks' reputation as reliable service providers. Mobile users may of course choose to use mobile top-up services of other service providers. We also have full coverage of networks of all the three PRC telecommunication operators and our mobile top-up services cover 31 provinces in the PRC.

Mobile users can request our services by providing us with their mobile phone number and making payments for the selected amount of top-up credits through the channels we cooperated with. We offer mobile top-up services through various channels, primarily electronic banking systems operated by PRC banks and offline channels. After we receive a mobile top-up request, our 007ka Top-up Platform automatically selects the corresponding mobile top-up credits from our top-up credit pool, which consists of mobile top-up credits we have purchased primarily from PRC telecommunication operators and their distributors and stored in our platform, and connects to the BOSS system operated by one of the PRC telecommunication operators by calling its toll-free number to activate the password. The PRC telecommunication operator authenticates the password and informs the mobile user of the top-up results through a text message if the top-up transaction is successful. In addition, we may relay mobile top-up requests to the PRC telecommunication operators and their distributors, who will top up the mobile accounts provided by such mobile users.

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The following diagram illustrates the general process for our mobile top-up services:



Notes:

→ denotes flow of actions and ---→ denotes flow of monies

- (1) We source mobile top-up credits from PRC telecommunication operators and their distributors or make prepayments to the PRC telecommunication operators and their distributors;
- (2) Mobile users can request our mobile top-up services and make payments through various channels;
- (3) We receive the relevant payments from various channels within seven days from the transaction date;
- (4) Our 007ka Top-up Platform automatically tops up mobile accounts by connecting to the BOSS system operated by the PRC telecommunication operators or relays such request to the PRC telecommunication operators or their distributors in which case, the PRC telecommunication operators and their distributors will top up the relevant mobile accounts; and
- (5) Mobile top-up credits are added to the designated mobile accounts of mobile users.

We generally provide mobile top-up services to individual mobile users. We also provide mobile top-up services to corporate customers, which place their orders in bulk. The mobile top-up requests received from corporate customers will be processed through our 007ka Top-up Platform. Subject to the corporate customers' track record and credibility, we may grant a credit term of about 30 to 60 days to them. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, the gross transaction value of mobile top-up services we provided to individual mobile users amounted to approximately RMB5,697.5 million, RMB9,970.5 million, RMB16,104.2 million, RMB11,475.3 million and RMB14,266.0 million, respectively, representing approximately 99.8%, 99.9%, 100.0%, 100.0% and 99.2% of the total gross transaction value of our mobile top-up services, respectively. During the same periods, the gross transaction value of mobile top-up services we provided to corporate customers amounted to approximately RMB10.9 million, RMB11.0 million, RMB6.1 million, RMB1.8 million and RMB111.9 million, respectively, representing approximately 0.2%, 0.1%, 0.0%, 0.0% and 0.8% of the total gross transaction value of our mobile top-up services, respectively.

Data Usage Top-up Services

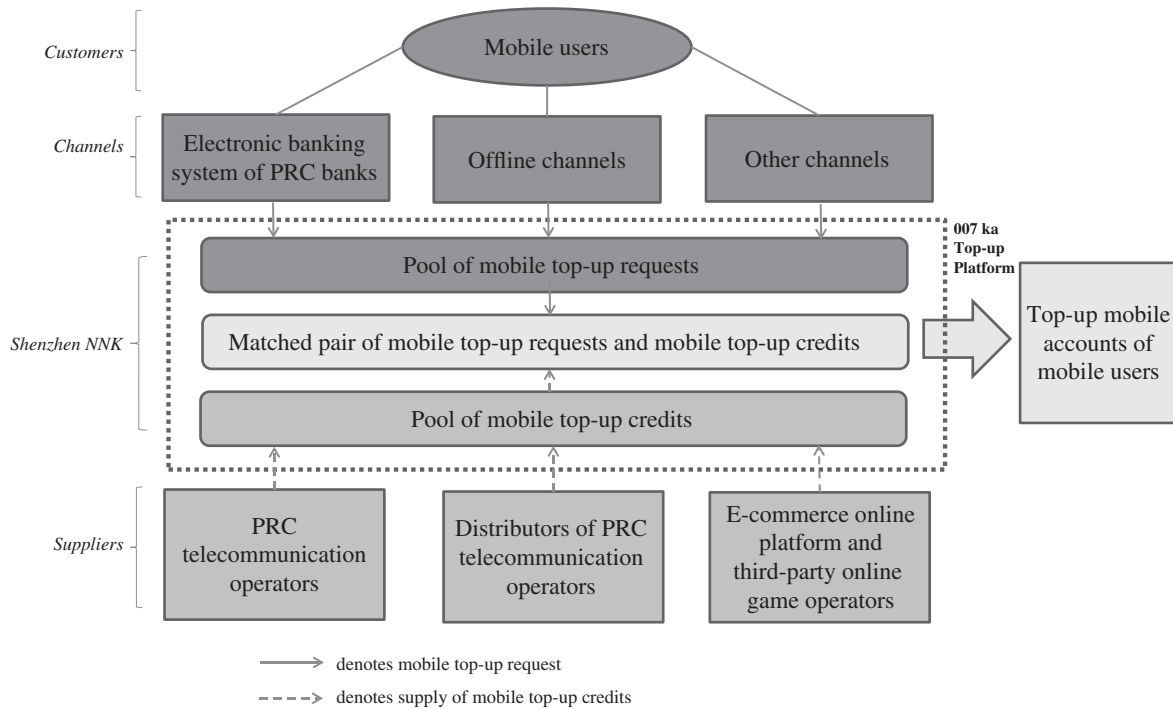
In addition to scratch and virtual mobile top-up cards which can be used to pay for all telecommunication services, the PRC telecommunication operators also distribute virtual data usage top-up cards, which can be used to purchase data services provided by the PRC telecommunication operators, or grant access to their system to receive data usage top-up requests. The data usage top-up cards can be used to purchase data services provided by the PRC telecommunication operators. According to CCID, the ARPU for mobile data services grew significantly from RMB13.7 in 2010 to RMB25.7 in 2014, representing a CAGR of 17.0%. The technological advancement of the mobile Internet market in China has brought about changes in consumption and payment preferences, resulting in growing demand for mobile data usage top-up services. We believe that the mobile data usage top-up services will continue to grow rapidly as mobile services and applications attract customers and increase their consumption of mobile data services. To capture the opportunities arising from the growth of the PRC mobile data service industry, we launched data usage top-up services in January 2015. For the nine months ended September 30, 2015, we derived revenue of approximately RMB914,000 from data usage top-up services with the gross transaction value for our data usage top-up services amounting to approximately RMB5.0 million. The revenue and gross transaction value from our data usage top-up services for the nine months ended September 30, 2015 represented approximately 0.5% and 0.03% of our total revenue and gross transaction value during the same period. The average gross profit per RMB100 transaction generated by us from data usage top-up services was approximately RMB11.1 for the nine months ended September 30, 2015.

The transaction flows for data usage top-up services are generally the same as the mobile top-up services save for the use of virtual data usage top-up cards. Mobile users can request our data usage top-up services by providing their mobile phone numbers to us and making payments for the selected amount of data usage package through various channels we offer, primarily the electronic banking systems of PRC banks and offline channels. After we receive a data usage top-up request, we complete such request through data usage top-up credits stored in our 007ka Top-up Platform or relay the request to the PRC telecommunication operators, who then completes the data usage top-up request through BOSS system and informs the mobile user of the top-up results through text messages if the transaction is successful.

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Our Business Model

The following diagram illustrates our business model in general:



Mobile users deliver mobile top-up requests to Shenzhen NNK through various channels including (i) electronic banking system of PRC banks, (ii) offline channels including convenience stores, mobile phone stores and other chains of retailers, and (iii) other channels including third-party online platforms, our self-operated websites and our Wechat public account. We source mobile top-up credits from (i) PRC telecommunication operators, (ii) distributors of PRC telecommunication operators, and (iii) e-commerce online platform and third-party online game operator. All mobile top-up requests from mobile users and all mobile top-up credits will be delivered to our 007ka Top-up Platform. Our 007ka Top-up Platform will then process each of the mobile top-up requests by matching it with the mobile top-up credits of the suitable value based on pre-determined algorithm and top-up mobile account of mobile user. Please refer to the following paragraphs under this section for details of the description of each of the components in our business model.

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VARIOUS CHANNELS TO OFFER MOBILE TOP-UP SERVICES

We primarily offer mobile top-up services through (i) electronic banking systems maintained by PRC banks and (ii) offline channels, including convenience stores, mobile phone stores and other chains of retailers. We also offer mobile top-up services through other channels, including third-party online platforms, our self-operated websites and our Wechat public account. The table below sets forth a breakdown of our gross transaction value by channel for the periods indicated.

	Year Ended December 31,						Nine months ended September 30,			
	2012		2013		2014		2014		2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except percentages)										
Electronic banking systems of PRC banks	5,145.1	90.1	9,278.8	93.0	12,923.3	80.2	9,453.6	82.4	10,913.1	75.9
Offline channels	5.7	0.1	293.4	2.9	2,748.1	17.1	1,715.1	14.9	2,620.5	18.2
Others*	557.6	9.8	409.3	4.1	438.9	2.7	308.4	2.7	844.3	5.9
Total	<u>5,708.4</u>	<u>100.0</u>	<u>9,981.5</u>	<u>100.0</u>	<u>16,110.3</u>	<u>100.0</u>	<u>11,477.1</u>	<u>100.0</u>	<u>14,377.9</u>	<u>100.0</u>

* Primarily include third-party online platforms, our self-operated websites and our Wechat public account.

Electronic banking systems of PRC Banks

We primarily provide mobile top-up services through electronic banking systems of PRC banks and the gross transaction value derived through electronic banking systems accounted for 80.2% of our total gross transaction value in 2014. We work with major PRC commercial banks, including the Five Largest State-owned Commercial Banks and ten of the 12 Nation-wide Joint Stock Commercial Banks, to provide mobile top-up services to their customers through bank-operated electronic banking systems. Mobile users who wish to top up their mobile accounts can simply log into their bank accounts and select the amount of mobile top-up credits desired and make payments with their credit cards or debit cards.

We grant each of the banks access to our 007ka Top-up Platform, enabling the banks to relay the mobile top-up requests they receive from their customers to us. We utilize the electronic banking systems operated by the banks including the online banking system, mobile phone banking system, telephone banking system, ATMs, online shopping centers of the PRC banks and their local branches.

The banks generally charge us commission fees ranging from 0.30% to 0.85% of the face value for each mobile top-up transaction through their electronic banking systems. The banks typically require us to maintain deposit accounts with them and generally settle the proceeds of the mobile top-up transactions processed through our 007ka Top-up Platform with us on a T+0 or T+1 basis. We generally do not offer a discount to mobile users, and we provide mobile top-up services at face value of mobile top-up credits. However, we occasionally provide mobile top-up services at discount to face

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value to mobile users who make mobile top-up requests through PRC banks when they organised marketing campaign to promote their electronic banking systems and/or mobile top-up services. Such marketing campaigns, being initiated by PRC banks, allow us to maintain relationship with them. Our participation in such marketing campaigns are subject to our approvals from the director of the sales and marketing department, our financial department, our chief operating officer and chief executive officer. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, the gross transaction values with mobile users relating to providing discounted mobile top-up services amounted to approximately nil, RMB34.0 million, RMB57.2 million and RMB63.3 million, accounting for approximately nil, 0.3%, 0.4% and 0.4% of our total gross transaction values with mobile users, respectively. Based on the average discounts received from PRC telecommunication operators, their distributors and other channels in the respective periods, the gross transaction values with PRC telecommunication operators, their distributors and other channels in respect of these transactions amounted to approximately nil, RMB34.1 million, RMB58.2 million and RMB65.7 million for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively. Accordingly, our Group made minimal losses in respect of these transactions, in order to maintain its relationship with PRC banks.

Our cooperation agreements with the banks typically have a term of one year and are automatically renewable for an additional one year upon expiration. The banks are usually entitled to terminate the cooperation agreements if we fail to provide mobile top-up services upon requests or engage in fraud or illegal activities through the systems operated by the relevant PRC banks. Either party may terminate the cooperation agreement upon prior written notice to the other party. Under these agreements, we are responsible for the operation of our 007ka Top-up Platform and providing customer service support. If either party breaches the cooperation agreement, it is responsible for losses suffered by the other party arising from such breach. We generally pay the commission fees to the PRC banks collectively on a monthly or quarterly basis. Our bank department is responsible for maintaining our relationships with PRC banks and developing additional bank partners, and our operation and maintenance team strives to ensure the stability and security of the connection between our 007ka Top-up Platform and the banks' electronic banking systems. We also track various information, including transaction volumes, through different channels offered by the banks to further enhance our capability to provide quality services and expand our cooperation with the banks.

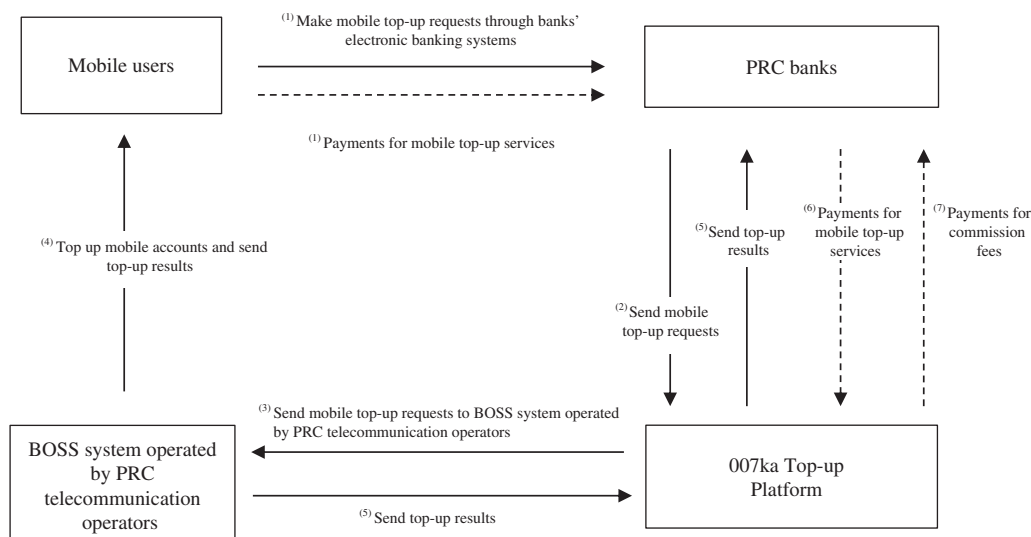
In 2012, 2013 and 2014 and the nine months ended September 30, 2015, we had cooperative relationships with 23, 27, 32 and 42 PRC banks, respectively. As of the Latest Practicable Date, we had business relationships with 45 PRC banks, including the Five Largest State-owned Commercial Banks and ten of the 12 Nation-wide Joint Stock Commercial Banks. During the Track Record Period and up to the Latest Practicable Date, no cooperation agreements with the PRC banks had been terminated. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, the gross transaction value attributable to mobile top-up services we provided through electronic banking systems amounted to RMB5,145.1 million, RMB9,278.8 million, RMB12,923.3 million, RMB9,453.6 million and RMB10,913.1 million, respectively, representing 90.1%, 93.0%, 80.2%, 82.4% and 75.9% of the total gross transaction value for our mobile top-up services, respectively. As of the Latest Practicable Date, our five largest bank partners for the nine months ended September 30, 2015 had an average of approximately six years of business relationship with us. Given the advanced technology and technical know-how involved in developing and operating a platform for the provision of mobile top-up services, PRC banks tend to outsource such services to

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other mobile top-up service providers like us and focus on providing their own banking services. PRC banks are willing to allow their customers to get access to our mobile top-up services primarily because of the trust we have been able to build between the PRC banks and us since our inception in 2006. In addition, our Directors believe that our 007ka brand is highly recognized among PRC banks because of the security and stability of our 007ka Top-up Platform and our high quality services. Leveraging our successful cooperation with large PRC banks, including the Five Largest State-owned Commercial Banks and ten of the 12 Nation-wide Joint Stock Commercial Banks, we have been able to attract additional PRC banks such as small and medium-sized banks. In the future, we will strive to maintain and enhance our cooperation with PRC banks through continually upgrading our 007ka Top-up Platform and improving the quality of our mobile top-up services. Our sales and marketing department is mainly responsible for maintaining our relationships with the PRC banks and developing additional bank partners, and our operation and maintenance team works closely with the technology department of each bank partner to ensure the stability and security of the connection between our 007ka Top-up Platform and the banks' electronic banking systems. In addition, our customer service team handles enquiries and complaints of the customers of the PRC banks on a 24/7 basis. We also track various information, including transaction volumes, provided by the PRC banks on a daily basis to enhance our capability to provide quality services and expand our cooperation with the banks.

Our mobile top-up process through electronic banking systems

The diagram below illustrates the typical process of how we offer mobile top-up services through bank-operated electronic banking systems:



Notes:

—> denotes flow of actions and - - -> denotes flow of monies

- (1) Mobile users request our mobile top-up services through PRC banks' electronic banking systems and make the relevant payments;
- (2) PRC banks relay the mobile top-up requests to us;

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- (3) Our 007ka Top-up Platform automatically tops up the mobile accounts by connecting to the BOSS system operated by the PRC telecommunication operators or relays such request to the PRC telecommunication operators or their distributors;
- (4) Mobile top-up credits are added to the designated mobile accounts of mobile users and send the mobile users the mobile top up results by text message;
- (5) The BOSS system sends us mobile top-up results, which will be relayed to PRC banks;
- (6) The PRC banks generally transfer the proceeds of mobile top-up transactions processed through our 007ka Top-up Platform to us on a T+0 or T+1 basis; and
- (7) We generally pay the commission fees to the PRC banks on a monthly or quarterly basis or such other terms as agreed to by the PRC banks.

The following is an example of our mobile top-up process with the monetary value included in each step of the process. All references to the monetary value in the example should not be construed that any transaction between us and any other party could be conducted with the stated amount of money. In this example, a mobile user who wishes to top up RMB100 to his mobile account can make a mobile top-up request to a PRC bank with which the user has an account while the bank charges us a commission fee of RMB0.5, and our cost of sourcing the mobile top-up credits from the PRC telecommunication operators and their distributors is RMB99.

Step one

A mobile user logs in to the PRC bank's electronic banking systems to access the webpage designated for the mobile top-up service where such webpage is developed by us and connected to our 007ka Top-up Platform. The mobile user then inputs his mobile phone number and the request to top up his mobile account in the amount of RMB100. The PRC bank deducts RMB100 from the mobile user's designated bank account for payment of the mobile top-up service.

Step two

The electronic banking systems of the PRC banks process the top-up request including the mobile phone number and mobile top-up amount of RMB100 input by the mobile user and relay the mobile top-up request to our 007ka Top-up Platform.

Step three

Upon receipt of the mobile top-up request from the PRC bank, our 007ka Top-up Platform performs a preliminary authentication process to check the validity and nature of the mobile phone number provided. Any error identified will result in the return of the mobile top-up request to the PRC bank and the mobile top-up request would not be processed. If the preliminary authentication process is passed, our 007ka Top-up Platform uses pre-determined algorithm to automatically identify and match the mobile top-up request with mobile top-up credits of the suitable value in our inventory or relay the top-up request to the PRC telecommunication operators or their distributors, including the BOSS system operated by PRC telecommunication operators for the execution of mobile top-up procedures. In this example, we assume that the top-up request relays to the PRC telecommunication operators directly and our cost of sourcing the mobile top-up credits is RMB99.

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Step four

The PRC telecommunication operator receives the top-up request, authenticates the password and executes the mobile top-up procedures. Upon completion of the mobile top-up procedures, mobile top-up credits are added to the mobile account of the mobile user and a text message is sent to the mobile phone of the mobile user regarding the result of the mobile top-up.

Step five

Upon completion of the mobile top-up procedures, the BOSS system operated by PRC telecommunication operators send the mobile top-up results to our 007ka Top-up System, which will be recorded, analyzed and relayed to the PRC banks.

Step six

On the same day or following day, the PRC bank will consolidate all successful mobile top-up services conducted and deposits the total gross transaction value into our bank accounts. In this example, the PRC bank deposits RMB100 to our bank accounts for the successful mobile top-up service.

Step seven

The commission fees in relation to all successful mobile top-up services previously conducted through our 007ka Top-up Platform will usually be paid to the PRC banks on a monthly or quarterly basis or such other terms as agreed to between the PRC banks and us. In this example, a commission fee of RMB0.5 will be paid to the PRC banks.

Upon completion of the mobile top-up process, we recognize the difference between the monies receivable from the PRC bank and the cost of sourcing the mobile top-up credits from the PRC telecommunication operators and their distributors as our revenue, and the commission fee payable to the PRC bank is recognized as cost of revenue. In this example, our Group will recognize the difference between RMB100 and RMB99, i.e. RMB1, as our revenue, and cost of revenue of RMB0.5, being the commission fee payable to the PRC bank upon completion of the mobile top-up process.

Offline channels

To complement our online sales channels, we also provide mobile top-up services through offline channels, including convenience stores, mobile phone stores and other third party retailer chains. We believe that these offline channel partners are willing to cooperate with us because they can offer value-added services to their customers with minimal stockup. We establish electronic connections to these offline channel partners, through which the offline channel partners can relay mobile top-up requests to our 007ka Top-up Platform. Mobile users pay the offline channel partners for top-up service in cash or through other payment methods acceptable to the offline channel partners.

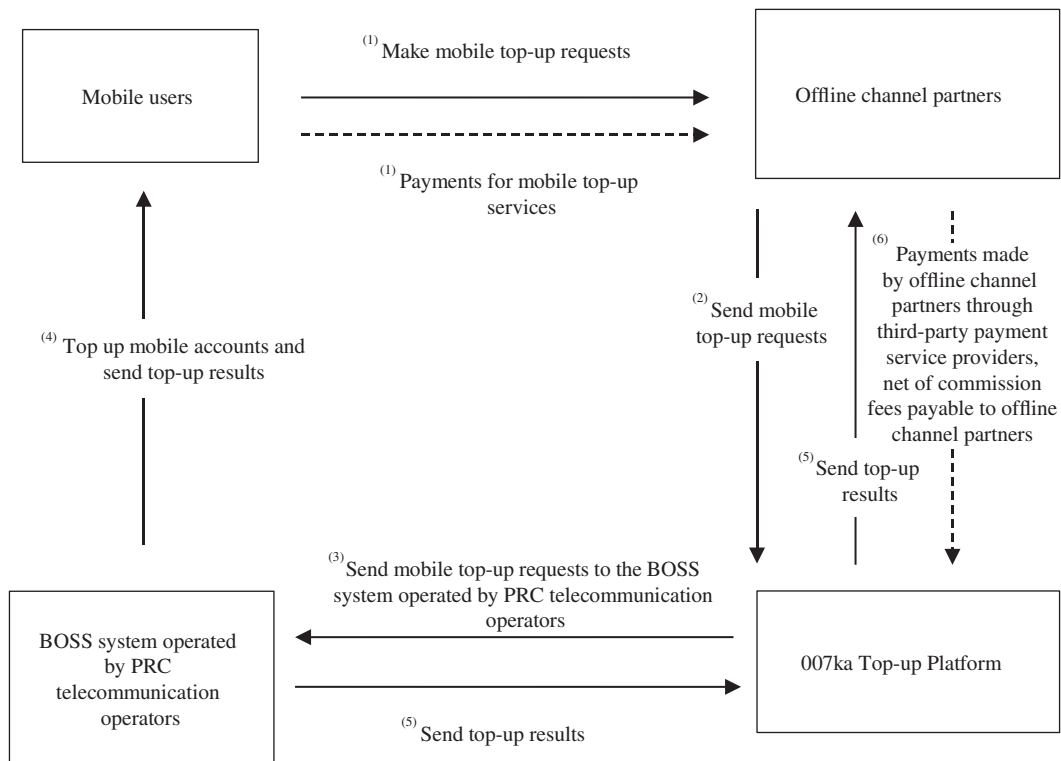
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We have utilized our offline channels since 2012 to expand our network coverage and our mobile users base. We solicit our offline channel partners mainly through our sales and marketing efforts and referrals by other offline channel partners. Historically, we entered into cooperation agreements with our offline channel partners through Shenzhou Tongfu, the then wholly-owned subsidiary of Shenzhen NNK, to provide mobile top-up services to mobile users. Given that Shenzhou Tongfu no longer formed part of our Group upon completion of the Reorganization, details of which are set out in “History, Reorganization and Corporate Structure — Our Reorganization,” since October 1, 2014, we have entered into cooperation agreements directly with our offline channel partners through Shenzhen NNK. Under such agreements, the offline channel partners are responsible for soliciting customers who need mobile top-up services and relay their mobile top-up requests to us. We are responsible for providing mobile top-up services to customers of our offline channel partners and ensuring the reliability of our 007ka Top-up Platform. The commission fee payable to the offline channel partners typically ranges from 1.0% to 1.3% of the face value of the mobile top-up credits. Our offline channel partners can arrange payments for mobile top-up requests net of commission fees to Shenzhen NNK through a number of online payment channels, including electronic banking systems operated by PRC commercial banks or the third-party online payment services provided by independent service providers and Shenzhou Tongfu. The online payment channels will charge Shenzhen NNK third party payment handling fees. The cooperation agreements continue to be effective unless being terminated upon mutual consent between parties. During the Track Record Period and up to the Latest Practicable Date, no cooperation agreements with offline channel partners had been terminated. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, we cooperated with approximately 480, 6,500, 34,300 and 45,500 offline channel partners, respectively. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, the gross transaction value attributable to mobile top-up services we provided through offline channels amounted to RMB5.7 million, RMB293.4 million, RMB2,748.1 million, RMB1,715.1 million and RMB2,620.5 million, respectively, representing 0.1%, 2.9%, 17.1%, 14.9% and 18.2% of the total gross transaction value of our mobile top-up services, respectively. As of the Latest Practicable Date, we had cooperated with approximately 47,200 offline channel partners. As of the Latest Practicable Date, none of our offline channel partners had terminated cooperation with us since the beginning of our business relationship.

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Our mobile top-up process through offline channels

The diagram below illustrates the typical process of how we offer mobile top-up services through offline channels:



Notes:

—▶ denotes flow of actions ---▶ denotes flow of monies

- (1) Mobile users request our mobile top-up services through offline channel partners and make the relevant payments;
- (2) The offline channel partners will relay the mobile top-up requests to us;
- (3) Our 007ka Top-up Platform automatically tops up the mobile accounts by connecting to the BOSS system operated by the PRC telecommunication operators or relays such request to the PRC telecommunication operators or their distributors;
- (4) Mobile top-up credits are added to the designated mobile accounts of mobile users and the mobile top-up results are sent to the mobile users by text messages;
- (5) The BOSS system operated by the PRC telecommunication operators sends us mobile top-up results, which will be relayed to our offline channel partners; and
- (6) The offline channel partners generally make payments to us through a third-party payment service provider they select, which will consolidate all successful mobile top-up services conducted through our 007ka Top-up Platform and deposit into our bank accounts the net proceeds of mobile top-up services we provide after deducting commission fees payable to the offline channel partners within 7 days from the transaction date.

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The following is a typical example of our mobile top-up process through offline channels with the monetary value included in the process. All references to the monetary value in the example should not be construed that any transaction between us and any other party could be conducted with the stated amount of money. In this example, a mobile user who wishes to top up RMB100 to his mobile account can make a mobile top-up request to an offline channel partner while the offline channel partner charges us a commission fee of RMB0.5, and our cost of sourcing the mobile top-up credits is RMB99.

Step one

A mobile user chooses one of our offline channel partners, the system of which is electronically connected to our 007ka Top-up Platform. The mobile user pays RMB100 to the offline channel partner for mobile top-up credits in cash or through other payment methods acceptable to the offline channel partner.

Step two

The mobile phone number of the mobile user and the top-up amount of RMB100 are input to the system of the offline channel partner which automatically relays the mobile top-up request to our 007ka Top-up Platform. The offline channel partner chooses a third party payment service provider to process the payment.

Step three

Upon receipt of the mobile top-up request from the offline channel partner, our 007ka Top-up Platform performs a preliminary authentication process to check the validity and nature of the mobile phone number provided. Any error identified will result in the return of the mobile top-up request to the offline channel partner and the mobile top-up request will not be processed.

If the preliminary authentication process is passed, our 007ka Top-up Platform will inform the third party payment service provider of the amount to be paid for the mobile top-up request and the third party payment service provider will in turn confirm the availability of monies for the mobile top-up request made by the offline channel partner.

Our 007ka Top-up Platform then uses pre-determined algorithm to automatically identify and match the mobile top-up request with mobile top-up credits of the suitable value in our inventory and connects to the BOSS system operated by the PRC telecommunication operators, or relays the top-up request to the PRC telecommunication operators or their distributors.

Step four

The PRC telecommunication operator receives the top-up request, authenticates the password and executes the mobile top-up procedures. Upon completion of the mobile top-up procedures, mobile top-up credits are added to the mobile account of the mobile user and a text message is sent to the mobile phone of the mobile user regarding the result of the mobile top-up.

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Step five

Upon completion of the mobile top-up procedures, the BOSS system operated by PRC telecommunication operators sends the mobile top-up result to our 007ka Top-up Platform, which will be recorded, analyzed and relayed to the offline channel partner.

Step six

The third-party payment service provider will consolidate all successful mobile top-up services conducted through our 007ka Top-up Platform and deposit the net proceeds into our bank accounts after deducting the commission fee payable to the offline channel partner within 7 days from the transaction date.

In this example, the third-party payment service provider deposits RMB99.5 to our bank accounts for the successful mobile top-up service, being the difference between the face value of the mobile top-up credit of RMB100 and the commission fee of RMB0.5 payable to the offline channel partner.

Upon completion of the mobile top-up process, we recognize the difference between the face value of the mobile top-up credit and the cost of sourcing the mobile top-up credits from the PRC telecommunication operators and their distributors as our revenue, and the commission fee payable to the offline channel partner is recognized as cost of revenue. In this example, we will recognize the difference between RMB100 and RMB99, i.e. RMB1, as our revenue, and RMB0.5 as cost of revenue, being the commission fee payable to the offline channel partner upon completion of the mobile top-up process.

Other channels

We also utilize third-party online platforms, our websites and our Wechat public account to provide top-up services to mobile users. Mobile users may request our mobile top-up services by entering their mobile phone numbers on the websites of the third-party online platforms, our websites or our Wechat public account and make payments with various options, including credit cards and online fund transfers through third-party payment service providers. Our cooperation agreements with the third-party online platforms typically have a term of one year and are automatically renewable for an additional year. Under the cooperation agreements, we are responsible for the operations of our 007ka Top-up Platform, and the third-party online platforms are responsible for developing the customers base. We generally deduct commission fees payable to the third-party online platforms from the prepayments made by such third-party online platforms. The commission fees payable to the third-party online platforms typically range from 0.5% to 1.1% of the face value of the mobile top-up credits. Either party is entitled to terminate the cooperation agreement if the other party fails to perform its obligations under the cooperation agreement or materially breaches the cooperation agreement. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, the gross transaction value attributable to top-up services we provided

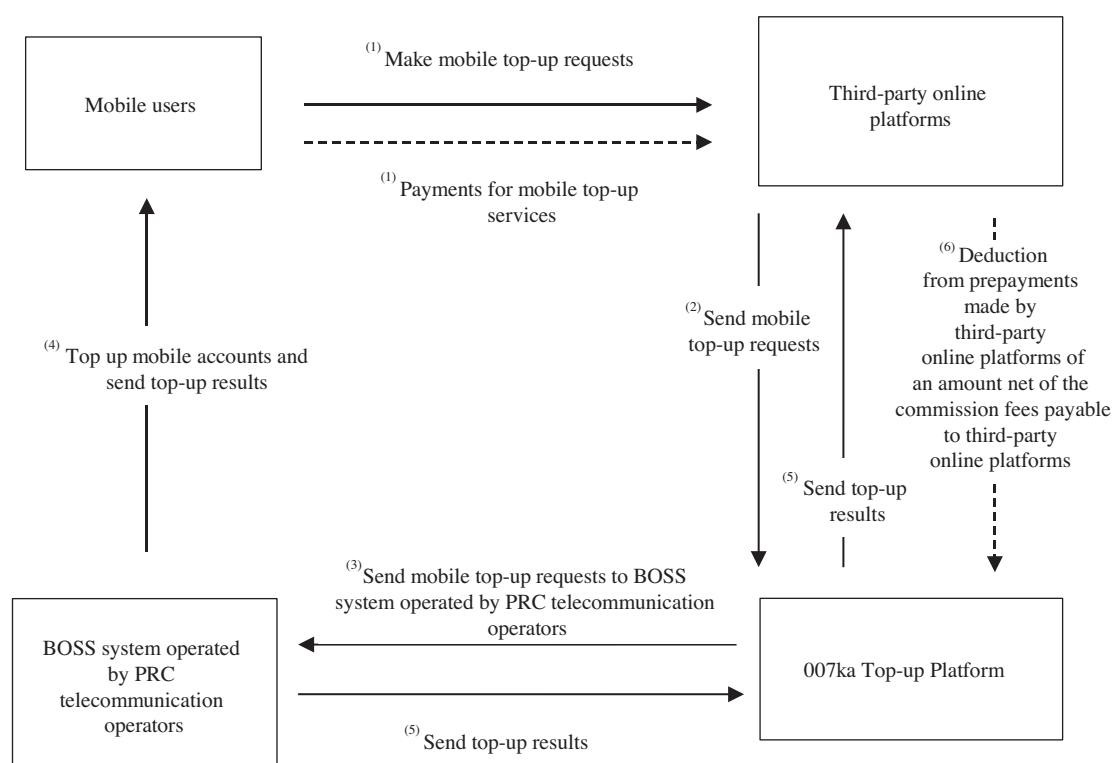
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through other channels amounted to approximately RMB557.6 million, RMB409.3 million, RMB438.9 million, RMB308.4 million and RMB844.3 million, respectively, representing approximately 9.8%, 4.1%, 2.7%, 2.7% and 5.9% of the total gross transaction value for our mobile top-up services, respectively, primarily due to our business expansion.

Our mobile top-up process through other channels

The transaction flows for mobile top-up services provided through our websites and our Wechat public account are generally the same as the mobile top-up services provided through our offline channel.

The diagram below illustrates the typical process of how we offer mobile top-up services through third-party online platforms:



Notes:

—> denotes flow of actions ---> denotes flow of monies

- (1) Mobile users request our mobile top-up services through third-party online platforms and make the relevant payments. Third-party online platforms are generally required to make prepayments to us before we process mobile top-up requests for them;
- (2) The third-party online platforms relay the mobile top-up requests to us;
- (3) Our 007ka Top-up Platform automatically tops up the mobile accounts by connecting to the BOSS system operated by the PRC telecommunication operators or relays such request to the PRC telecommunication operators or their distributors;

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- (4) Mobile top-up credits are added to the designated mobile accounts of mobile users and the mobile top-up results are sent to the mobile users by text messages;
- (5) The BOSS system operated by the PRC telecommunication operators sends us mobile top-up results, which will be relayed to the third-party online platforms; and
- (6) We generally deduct the commission fees payable to the third-party online platforms from the proceeds of mobile top-up transactions processed through our 007ka Top-up Platform each time we process a mobile top-up request.

The following is a typical example of our mobile top-up process through the third-party online platforms with the monetary value included in the process. All references to the monetary value in the example should not be construed that any transaction between us and any other party could be conducted with the stated amount of money. In this example, a mobile user who wishes to top up RMB100 to his mobile account can make a mobile top-up request to a third-party online platform with which the mobile user has an account at a price of RMB100. Such third-party online platform usually charges us a commission fee of RMB0.5, and our cost of sourcing the mobile top-up credits is RMB99.

Step one

A mobile user logs onto the third-party online platform to access the webpage designated for the mobile top-up service where such webpage is developed by us and connected to our 007ka Top-up Platform. We generally require the third-party online platform to make prepayments to us before we process the mobile top-up request. The mobile user then inputs his mobile phone number and the request to top up his mobile account in the amount of RMB100.

Step two

The third-party online platform processes the mobile top-up request by inputting the mobile phone number and mobile top-up amount of RMB100 payable by the mobile user and relays the mobile top-up request to our 007ka Top-up Platform.

Step three

Upon receipt of the mobile top-up request from the third-party online platform, our 007ka Top-up Platform performs a preliminary authentication process to check the validity and nature of the mobile phone number provided. Any error identified will result in the return of the mobile top-up request to the third-party online platform and the mobile top-up request will not be processed. If the preliminary authentication process is passed, our 007ka Top-up Platform will check whether the prepayment we previously received from the third-party online platform is adequate for the mobile top-up request. Our 007ka Top-up Platform then uses pre-determined algorithm to automatically identify and match the mobile top-up request with mobile top-up credits of the suitable value in our inventory and connects to the BOSS system operated by the PRC telecommunication operators, or relay the top-up request to the PRC telecommunication operators or their distributors.

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Step four

The PRC telecommunication operator receives the top-up request, authenticates the password and executes the mobile top-up procedures. Upon completion of the mobile top-up procedures, mobile top-up credits are added to the mobile account of the mobile user and a text message is sent to the mobile phone of the mobile user regarding the result of the mobile top-up.

Step five

Upon completion of the mobile top-up procedures, the BOSS system operated by PRC telecommunication operators sends the mobile top-up result to our 007ka Top-up Platform, which will be recorded, analyzed and relayed to the third-party online platform.

Step six

The total gross transaction value of any successful mobile top-up service we provide, net of the commission fee payable to the third-party online platform, will be deducted from the prepayments made by the third-party online platform. In this example, an amount of RMB99.5 will be deducted from the third-party online platform's prepayment account for the successful mobile top-up service, being the difference between the face value of the mobile top-up credit and the commission fee of RMB0.5 payable to the third-party online platform in relation to the successful mobile top-up service.

Upon completion of the mobile top-up process, we recognize the difference between the monies receivable from the third-party online platform and the cost of sourcing the mobile top-up credits from the PRC telecommunication operators and their distributors as our revenue, and the commission fee payable to the third-party online platform is recognized as cost of revenue. In this example, we recognize the difference between RMB100 and RMB99, i.e. RMB1, as our revenue, and RMB0.5 as cost of revenue, being the commission fee payable to the third-party online platform upon completion of the mobile top-up process.

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Accounting treatments for the transaction flows under various channels

Set out in the table below is a summary of the relevant accounting entries for the provision of mobile top-up services under various channels, assuming the same scenario as illustrated above: a mobile user wishes to top up RMB100 to his mobile account and makes a mobile top-up request through one of the channels, in which the channel will charge us a commission fee of RMB0.5 and our cost of mobile top-up credits is RMB99:

Steps	Electronic banking systems of		Offline channels	Other channels	
	PRC banks				
Upon prepayments made by third-party online platforms to us before we process the mobile top-up request.....			Not applicable		Dr. Cash and cash equivalents RMB99.5 Cr. Receipts in advance RMB99.5
Upon completion of mobile top-up transactions and/or recognition of commission fees payable to offline channels or third-party online platforms	Dr. Trade receivables RMB100 Cr. Revenue (Note 1) RMB1 Cr. Inventories/ prepayments (Note 2) RMB99		Dr. Trade receivables RMB99.5 Dr. Cost of revenue RMB0.5 Cr. Revenue (Note 1) RMB1 Cr. Inventories/ prepayments (Note 2) RMB99		Dr. Receipts in advance RMB99.5 (Note 3) Dr. Cost of revenue RMB0.5 Cr. Revenue (Note 1) RMB1 Cr. Inventories/ prepayments (Note 2) RMB99
Commission fee payable to PRC banks accrued on a monthly basis	Dr. Cost of revenue RMB0.5 Cr. Trade payables RMB0.5		Commission fee payable to offline channels is recognized as cost of revenue (i.e. RMB0.5) as shown above and is deducted from the payments made by offline channels as shown below		Commission fee payable to third-party online platforms is deducted from prepayments made by third-party online platforms and is recognized as cost of revenue (i.e. RMB0.5) as shown above
Upon receipt of proceeds of mobile top-up transactions on a T+0 or T+1 basis.....	Dr. Cash and cash equivalents RMB100 Cr. Trade receivable RMB100		Dr. Cash and cash equivalents (Note 3) RMB99.5 Cr. Trade receivables RMB99.5		Not applicable
Upon payment of commission fees to PRC banks on a monthly or quarterly basis or such other terms agreed by PRC banks	Dr. Trade payables RMB0.5 Cr. Cash and cash equivalents RMB0.5		Not applicable		Not applicable

Notes:

- The difference between the gross transaction value with the mobile user and our cost of mobile top-up credit will be recognized as revenue.
- Our Group can either (i) source mobile top-up credits, in the form of virtual and scratch top-up cards, from PRC telecommunication operators, their distributors and other suppliers, which will be recognized as inventories; or (ii) relay mobile top-up requests we receive from mobile users to the PRC telecommunication operators and their distributors, in which we are usually required to make prepayments. For the details of the accounting treatments of the sourcing of mobile top-up credits, please refer to the paragraph headed “Accounting treatments for purchase of mobile top-up credits” under this section.

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3. Proceeds of mobile top-up transactions, net of commission fees, will be paid by offline channels or deducted from prepayments made by third-party online platforms.

We primarily offer mobile top-up services through (i) electronic banking systems maintained by PRC banks and (ii) offline channels, including convenience stores, mobile phone stores and other chains of retailers. We also offer mobile top-up services through other channels, such as third-party online platforms, our self-operated websites and our Wechat public account. Mobile users request our mobile top-up services through the channels. In order to fulfill our customers' mobile top-up requests, we source mobile top-up credits from our suppliers, including the PRC telecommunication operators, distributors of the PRC telecommunication operators and other suppliers, such as e-commerce platform operators and third-party online game operators. During the Track Record Period, over 10 of our suppliers (the "Partners") of mobile top-up credits also sought mobile top-up services from us. These Partners are primarily distributors of mobile top-up credits. We entered into such arrangements with the Partners in order to take advantage of each other's resources. Some of the Partners from which we generally sourced mobile top-up credits may sometimes require us to provide mobile top-up services to certain of their customers since we offer satisfactory and stable mobile top-up services with prices comparable to those offered by the PRC telecommunication operators to the public and wide-range services covering all the three PRC telecommunication operators in 31 provinces in the PRC. One of the Partners to which we generally provide mobile top-up services may sometimes supply mobile top-up credits to us during the Track Record Period given that it is also an e-commerce platform operator which requires our service to authenticate the mobile top-up credits from their customers. For details of the arrangement with the e-commerce platform operators, please refer to the paragraphs headed "Our Suppliers — Key Contractual Terms with Suppliers" below in this section. Below is a breakdown of the relevant gross transaction values between us and the Partners during the Track Record Period:

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
	RMB in millions				
Gross transaction value of mobile top-up services provided by us to the Partners	337	201	170	118	297
Gross transaction value of mobile top-up credits or mobile top-up services we sourced from the Partners	712	1,924	3,172	2,413	2,664

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Our gross transaction value derived from our five largest channel partners, which are principally PRC banks, contributed to 92.7%, 86.9%, 75.3% and 68.6% of our total gross transaction value for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively. Our largest channel partner, which is one of the Five Largest State-owned Commercial Banks, contributed 75.8%, 69.9%, 46.9% and 34.8% of our total gross transaction value for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively. None of our directors, their associates or our shareholders who, to the knowledge of our directors, holds more than 5% of our issued share capital, had any interest in any of our five largest channel partners during the Track Record Period.

Key Contractual Terms with Our Channel Partners

The table below summarizes the key contractual terms with our channel partners:

Type of contractual parties	Type of contracts	Major terms of contracts
(i) PRC Banks	Cooperation agreements for us to use the banks' electronic banking systems for the provision of mobile top-up service	<ul style="list-style-type: none"> • We utilise the banks' electronic banking systems (such as online banking, telephone banking, mobile banking and text message) to offer mobile top-up services and provide customer services • The agreements typically have a term of one year and are automatically renewable for an additional year upon expiration • We typically pay the banks certain commission fees provided for in the agreement. We generally pay the commission fees to the PRC banks on a monthly or quarterly basis • The banks are usually entitled to terminate the cooperation agreements if we fail to provide the mobile top-up services upon requests or engage in fraud or illegal activities through the electronic banking systems operated by the relevant PRC banks • Either party may terminate the cooperation agreement upon prior written notice to the other party
(ii) Offline Channel Partners	Cooperation agreements for the offline channel partners to relay mobile top-up requests to us for the provision of mobile top-up service	<ul style="list-style-type: none"> • The offline channel partners are responsible for soliciting mobile users and relaying their mobile top-up requests to us

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Type of contractual parties	Type of contracts	Major terms of contracts
(iii) Other Channels, such as third-party online platforms	Cooperation agreements for the third-party online platforms to relay mobile top-up requests to us for the provision of mobile top-up service	<ul style="list-style-type: none"> • We offer various online payment methods to our offline channel partners, including electronic banking systems operated by PRC commercial banks and third-party online payment services provided by independent service providers and Shenzhen Tongfu. The online payment channels will charge us third party payment handling fees • We usually pay commission fees to our offline channel partners subject to our unilateral power to modify the commission fees with a two-day notice • The cooperation agreements typically continue to be effective unless being terminated upon mutual consent between parties • If any party breaches the cooperation agreement, it may be required by the other party to compensate for the relevant losses the latter suffers as a result of the breach • We will offer the third-party online platforms access to our 007ka Top-up Platform and the third-party online platforms will relay mobile top-up requests to us • The cooperation agreements generally have various terms ranging from one year to three years and are automatically renewable for an additional year upon expiration • The third-party online platforms will make prepayment with us. On the same day or following day, the gross transaction value for all the successful mobile top-up service conducted will be consolidated, applied with a discount as commission fees for the third-party online platforms and deducted from the prepayment accounts of the third-party online platforms

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Type of contractual parties	Type of contracts	Major terms of contracts
		<ul style="list-style-type: none">• Either party is entitled to terminate the agreement if the other party does not perform its obligations or is in serious breach of the contract• If any party breaches the cooperation agreement, it may be required by the other party to compensate for the relevant losses the latter suffers as a result of the breach

OUR TECHNOLOGY

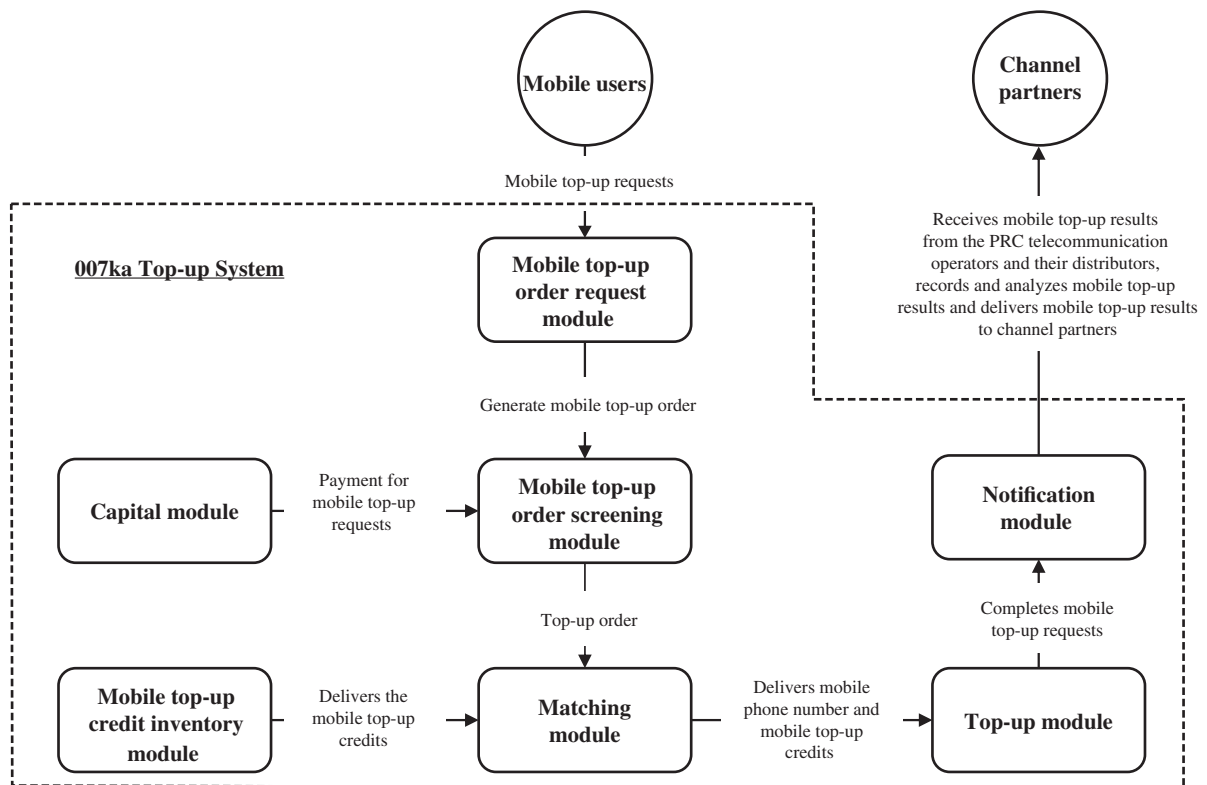
We have built our 007ka Top-up Platform relying primarily on software and systems that we have developed in-house. As of the Latest Practicable Date, we had 53 IT professionals who design, develop and operate our technology platform. Our 007ka Top-up Platform mainly comprises a set of modules including:

- A mobile top-up order request module, which is designed to connect with various channels for us to receive mobile top-up requests;
- A mobile top-up order screening module, which conducts a preliminary screening of the mobile top-up request including, among others, the validity of the mobile phone numbers provided by our customers, generates our internal mobile top-up orders and connects to the capital module to coordinate payments for mobile top-up requests;
- A capital module, which manages the prepayments generally made by third-party online platform channel partners on our 007ka Top-up Platform. It connects to the mobile top-up order screening module and provides simple and efficient payment methods for mobile top-up orders;
- A matching module, which links the mobile top-up order screening module, mobile top-up credit inventory module and top-up module. The mobile top-up orders and information on our mobile top-up credit inventory are both forwarded to the matching model for processing. The matching module uses a pre-determined algorithm to decide whether to utilize suitable mobile top-up credits stored in our system or relay the mobile top-up requests to the PRC telecommunication operators or their distributors and then delivers mobile top-up orders to the top-up module to complete the mobile top-up requests;
- A mobile top-up credit inventory module, which stores the mobile top-up credits we purchase from the PRC telecommunication operators and their distributors or other sources in virtual format;

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- A top-up module, which completes mobile top-up orders by automatically dialing the top-up hotline operated by the PRC telecommunication operators and accessing the mobile top-up credits stored in our 007ka Top-up Platform. It may also relay the mobile top-up orders to the BOSS system operated by the PRC telecommunication operators or relay to their distributors to complete the top-up process, subject to the decision of the matching module; and
- A notification module, which receives the mobile top-up results from the PRC telecommunication operators and their distributors, records and analyzes the mobile top-up results and delivers the results to our channel partners.

The following diagram illustrates the workflow of each key module of our 007ka Top-up Platform:



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We officially launched our 007ka Top-up Platform in 2006. Our research and development department has continuously upgraded our platform since 2006. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, we incurred expenses of approximately RMB4.2 million, RMB5.7 million, RMB8.7 million, RMB6.0 million and RMB10.3 million, respectively, for the research and development relating to our 007ka Top-up Platform. Our proprietary 007ka Top-up Platform is highly reliable, secure and scalable, enabling us to expand system capacity and add new functionality to accommodate the expansion of our business and evolving demands from our customers without affecting the operation of existing modules or incurring significant costs. This platform can also process a large number of top-up requests at the same time. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, we had average gross transaction volumes of approximately 199,000, 347,000, 553,000, 533,000 and 624,000 per day, respectively.

As of the Latest Practicable Date, our network infrastructure comprised 408 owned servers in 20 locations in China. Our network infrastructure automatically reports any detected malfunction on a real-time basis to our network control center. This allows us to quickly respond to and resolve network malfunction issues to ensure the stability and security of our network. We have entered into service agreements with 15 third-party Internet data center service providers to host and maintain our servers. The hosting service agreements typically have a term of one year, and automatically renew for another year unless terminated earlier by either party. Under the hosting service agreements, the service providers provide hosting services and related technical support as well as high-speed Internet connection required for the operation of our platform. We generally pay fixed service fees to such service providers on a monthly basis. To prevent system failure and ensure the security of user data, we strategically put our servers in 20 locations in China to ensure continued service in the event of a single point server failure due to hostile attacks, systematic errors or natural disasters. In the event of a server failure, the backup server will commence operations and take over the work transferred from the problematic server, which improves the reliability and flexibility of our platform. During the Track Record Period, we did not experience any incident that materially affected our business and results of operations.

Our operation department supervises the operation of our 007ka Top-up Platform. It ensures the proper functioning of wireless connection and data transmission systems and initiates remediation processes once bugs or other defects are detected. In particular, we have in place a 24-hour real-time automatic monitoring mechanism to report irregularities in our systems to different personnel within our operation department depending on the level of materiality. Our personnel deal with irregularities proactively by various means, including debugging and coordinating with the technology departments of our partners.

OUR CUSTOMERS

Customers

We primarily provide mobile top-up services to mobile users, who are customers of our channel partners, including PRC banks, offline channel partners and other channel partners. In other words, customers of our channel partners are our indirect customers. For the years ended December 31, 2012, 2013 and 2014, our users increased from approximately 33.6 million to 51.8 million and further to

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82.0 million, respectively, representing a CAGR of 56.2%. The number of mobile users who used our services was approximately 73.4 million for the nine months ended September 30, 2015. During the Track Record Period, no single customer contributed 30% or more of our total gross transaction value; nor did any five customers collectively contribute 30% or more of our total gross transaction value. None of our directors, their associates or our shareholders who, to the knowledge of our directors, hold more than 5% of our issued share capital, had any interest in our customers during the Track Record Period.

Customer Services

We currently maintain a dedicated customer service team, which is able to provide customer service on a 24/7 basis. Under our cooperation agreements with our channel partners, in particular, the PRC banks, we are responsible for customer services and we usually post our customer hotline numbers on the websites of our channel partners and our websites. Mobile users who use our mobile top-up services through these channels can make enquiries or complaints through our customer hotlines. We defined complaints as our customers' explicit or implicit expressions of dissatisfaction with our services, which require our actions to resolve the problem and our response to the customers about the solution. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, we received 278, 296, 321 and 316 complaints from our customers, respectively. These customer complaints are generally associated with delays in the top-up process, unsuccessful recharges and failure of mobile users to receive mobile top-up results. Typically, we are able to resolve customers' queries and complaints promptly. Upon receipt of complaints from our customers, our customer service team makes preliminary judgment on the nature of the complaints and provide instruction to guide our customers to solve problems. Unresolved complaints relating to urgent or material issues are escalated to the relevant managers on-duty. We also closely monitor the feedbacks from our customers. Through collecting and analyzing customer feedbacks, our high-quality customer service team helps us enhance customer satisfaction and loyalty. In addition, we have established customer service call centers in Shenzhen and Chengdu, comprising 66 personnel to provide customer services to mobile users as of the Latest Practicable Date. In case of unsuccessful mobile top-up request, we typically recharge the mobile accounts for our customers or refund the payments for the mobile top-up services to our customers per their requests. As of the Latest Practicable Date, we had not received any complaints from our customers that resulted in any material adverse impact on our business.

OUR SUPPLIERS

In order to fulfill our customers' mobile top-up requests, we source mobile top-up credits, in the form of virtual and scratch top-up cards, primarily from PRC telecommunication operators and their distributors or relay mobile top-up requests we receive from mobile users to the PRC telecommunication operators and their distributors. We enter into purchase agreements with the PRC telecommunication operators and their distributors to purchase mobile top-up credits or cooperation agreements with them to relay mobile top-up requests to them. We usually make prepayments or payments to them immediately after the delivery of mobile top-up credits. We consider various factors when deciding whether to process the mobile top-up request we receive through our 007ka Top-up Platform or relay such request to the PRC telecommunication operators and their distributors, primarily including (i) the price of the mobile top-up credits provided by the PRC telecommunication

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operators and their distributors if we process the mobile top-up request through our 007ka Top-up Platform as compared with the price of the mobile top-up credits if we relay such request to the PRC telecommunication operators and their distributors; and (ii) the quality of services provided by our suppliers, such as the time required to complete the mobile top-up process. We may also consider relaying mobile top-up requests to the PRC telecommunication operators and their distributors for the purpose of inventory management. During the Track Record Period, there had been no material impact on our profitability as a result of our relaying the mobile top-up requests to the PRC telecommunication operators and their distributors. We also source a small portion of mobile top-up credits from customers of e-commerce platform operators and third-party online game operators. We monitor the price of mobile top-up credits we source from the PRC telecommunication operators and their distributors through comparing the price of mobile top-up credits available from our suppliers and monitoring the market price. Our procurement department also evaluates our cost of sourcing on regular basis. In order to maintain sufficient inventory of mobile top-up credits and manage our inventory effectively, we have employed an inventory management system to monitor the real-time inventory level to ensure sufficient supply and avoid shortage or excessive inventory. Our 007ka Top-up Platform processes mobile top-up requests using mobile top-up credits stored in our platform on a first-in-first-out basis. We did not experience any inventory shortage that had material adverse impact on our business during the Track Record Period.

The following table sets forth a breakdown of our sourcing cost by the type of suppliers for the periods indicated.

	Year Ended December 31,						Nine months ended September 30,			
	2012		2013		2014		2014		2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except percentages)										
PRC										
telecommunication										
operators.....	951.7	16.9	1,623.5	16.4	3,882.2	24.5	2,884.2	25.1	4,315.8	30.2
Distributors of PRC										
telecommunication										
operators.....	4,443.2	78.7	8,034.4	81.0	11,627.3	73.3	8,447.4	73.4	9,375.8	65.5
Others	251.1	4.4	259.3	2.6	347.1	2.2	167.1	1.4	614.1	4.3
Total	5,646.0	100.0	9,917.2	100.0	15,856.6	100.0	11,498.7	100.0	14,305.7	100.0

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PRC Telecommunication Operators

We source mobile top-up credits directly from all the three PRC telecommunication operators and store such mobile top-up credits in our 007ka Top-up Platform. The following table sets forth a breakdown of our sourcing cost by the PRC telecommunication operators for the periods indicated.

	Year Ended December 31,						Nine months ended September 30,			
	2012		2013		2014		2014		2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except percentages)										
PRC										
telecommunication										
operator A	—	—	4.6	0.3	990.7	25.5	717.3	24.9	1,719.0	39.8
PRC										
telecommunication										
operator B	353.4	37.1	483.7	29.8	1,041.1	26.8	752.0	26.1	1,070.6	24.8
PRC										
telecommunication										
operator C	<u>598.3</u>	<u>62.9</u>	<u>1,135.2</u>	<u>69.9</u>	<u>1,850.4</u>	<u>47.7</u>	<u>1,414.9</u>	<u>49.0</u>	<u>1,526.2</u>	<u>35.4</u>
Total	<u>951.7</u>	<u>100.0</u>	<u>1,623.5</u>	<u>100.0</u>	<u>3,882.2</u>	<u>100.0</u>	<u>2,884.2</u>	<u>100.0</u>	<u>4,315.8</u>	<u>100.0</u>

We may make payments to the PRC telecommunication operators for sourcing mobile top-up credits generally through bank transfer. We usually enter into purchase agreements with the PRC telecommunication operators with a term of one year. Under the purchase agreements with the PRC telecommunication operators, we source mobile top-up credits from the PRC telecommunication operators and store such credits in our mobile top-up credit pools. The price of the mobile top-up credits are typically provided in the purchase agreements and may be subject to policy changes of the PRC telecommunication operators from time to time. The PRC telecommunication operators are entitled to terminate the purchase agreements if we fail to comply with the policies of the PRC telecommunication operators and the provisions of the purchase agreements.

We also enter into cooperation agreements with the three PRC telecommunication operators, pursuant to which we make prepayments and relay the mobile top-up requests we receive from mobile users, instead of completing the mobile top-up request from our mobile top-up credit pools. Upon receiving such requests, the PRC telecommunication operators complete the mobile top-up requests and inform the mobile users of the mobile top-up results. We are generally required to make full prepayments when we enter into cooperation agreements with the PRC telecommunication operators, which will deduct the value of mobile top-up credits from our prepayments. We need to continuously top up the prepayments we place with the PRC telecommunication operators to ensure continued services from them. We are typically not required to retain a minimum amount of prepayments with the PRC telecommunication operators under the cooperation agreement. The PRC telecommunication operators usually provide settlement statements to us within one business day, which specify the

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aggregate amount of mobile top-up credits we source. Majority of our cooperation agreements with the PRC telecommunication operators have various terms ranging from nine months to three years. During the Track Record Period, we did not receive any termination notice of the cooperation agreements from the PRC telecommunication operators.

We typically receive discounts to the face value of the mobile top-up cards from the PRC telecommunication operators. During the Track Record Period, the discounts we received generally ranged from approximately 1.0% to 2.5% and are typically provided for in our agreements with the PRC telecommunication operators and subject to the policy changes of these PRC telecommunication operators from time to time. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, our cost of sourcing mobile top-up credits from the PRC telecommunication operators accounted for approximately 16.9%, 16.4%, 24.5%, 25.1% and 30.2% of our total sourcing cost, respectively.

Distributors of the PRC Telecommunication Operators

We also source mobile top-up credits from distributors of PRC telecommunication operators and store such mobile top-up credits in our 007ka Top-up Platform. We usually enter into purchase agreements with the distributors of the PRC telecommunication operators with a term ranging from one to two years. Under the purchase agreements with the distributors of the PRC telecommunication operators, we source mobile top-up credits from these distributors and store such credits in our mobile top-up credit pools. The price and quantity of the mobile top-up credits are determined based on purchase orders from time to time. We typically make payments to the distributors of the PRC telecommunication operators for sourcing mobile top-up credits through bank transfer.

In addition, we enter into cooperation agreements with the distributors of the PRC telecommunication operators, pursuant to which we make prepayments and relay mobile top-up requests to the distributors of the PRC telecommunication operators to complete the mobile top-up services, instead of completing the mobile top-up requests from our mobile top-up pools. Upon completion of each mobile top-up request, the distributors of the PRC telecommunication operators will deduct the relevant amounts from the prepayments. We need to continuously top up the prepayments with the distributors of the PRC telecommunication operators to ensure continued services from them. We are typically not required to retain a minimum amount of prepayments with the distributors of the PRC telecommunication operators under the cooperation agreement. Our cooperation agreements with the distributors have various terms ranging from eight months to three years. The price of mobile top-up credits is specified in the cooperation agreement. We are generally entitled to terminate the cooperation agreements if the distributors fail to provide mobile top-up credits. If the distributors of the PRC telecommunication operators fail to provide valid mobile top-up credits, they are responsible for any losses we incur.

For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, we had cooperated with around 60, 70, 130 and 170 distributors of the PRC telecommunication operators. Our cost of sourcing attributable to the 60 distributors of the PRC telecommunication operators we used in 2012 increased by approximately 48.4% in 2013 as compared to 2012, increased by approximately 10.2% in 2014 as compared to 2013. On the other hand, our cost of sourcing attributable to the distributors of the PRC telecommunication operators we added in 2013

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(i.e. the 10 distributors newly added in 2013) increased by approximately 27.7% in 2014, as compared to 2013. Our Group proactively seeks cooperation with new distributors offering competitive prices as compared to existing distributors. Therefore, our Group would generally increase its purchase of mobile top-up credits from those newly added distributors, which resulted in a relatively higher growth rate of cost of sourcing attributable to the 10 distributors newly added in 2013 than that attributable to the 60 distributors used in 2012 for the year ended December 31, 2014.

The price of the mobile top-up credits is adjusted in accordance with market conditions on a daily basis. The distributors of the PRC telecommunication operators usually offer us a discount off the face value of the mobile top-up cards generally ranging from 0.7% to 3.5%. To identify distributors for cooperation, we consider factors such as the price of the mobile top-up credits and the quality of services provided by the distributors of the PRC telecommunication operators, including delivery time of the mobile top-up services, the rate of successful mobile top-up transactions, refund policies, service coverage of the distributors, customer service and the distributors' track record. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, our cost of sourcing mobile top-up credits from the distributors of the PRC telecommunication operators accounted for 78.7%, 81.0%, 73.3%, 73.4% and 65.5% of our total sourcing cost, respectively.

Other

In addition to the PRC telecommunication operators and their distributors, we also source mobile top-up credits from customers of e-commerce platform operators and third-party online game operators, who are Internet users and use mobile top-up cards in exchange for online products or services offered by the e-commerce platform operators, or use mobile top-up cards, instead of money, to credit their online game accounts in order to purchase in-game virtual items. We typically pay the e-commerce platform operators and third-party online game operators at a discount to the face value of the mobile top-up cards provided by Internet users. Sometimes we are required to make prepayments to the e-commerce platform operators and third-party online game operators and may be required to retain a minimum amount of prepayments ranging from RMB10,000 to RMB300,000. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, the mobile top-up credits we sourced from the customers of the e-commerce platform operators and third-party online game operators accounted for approximately 4.4%, 2.6%, 2.2%, 1.5% and 4.3% of our total sourcing cost, respectively.

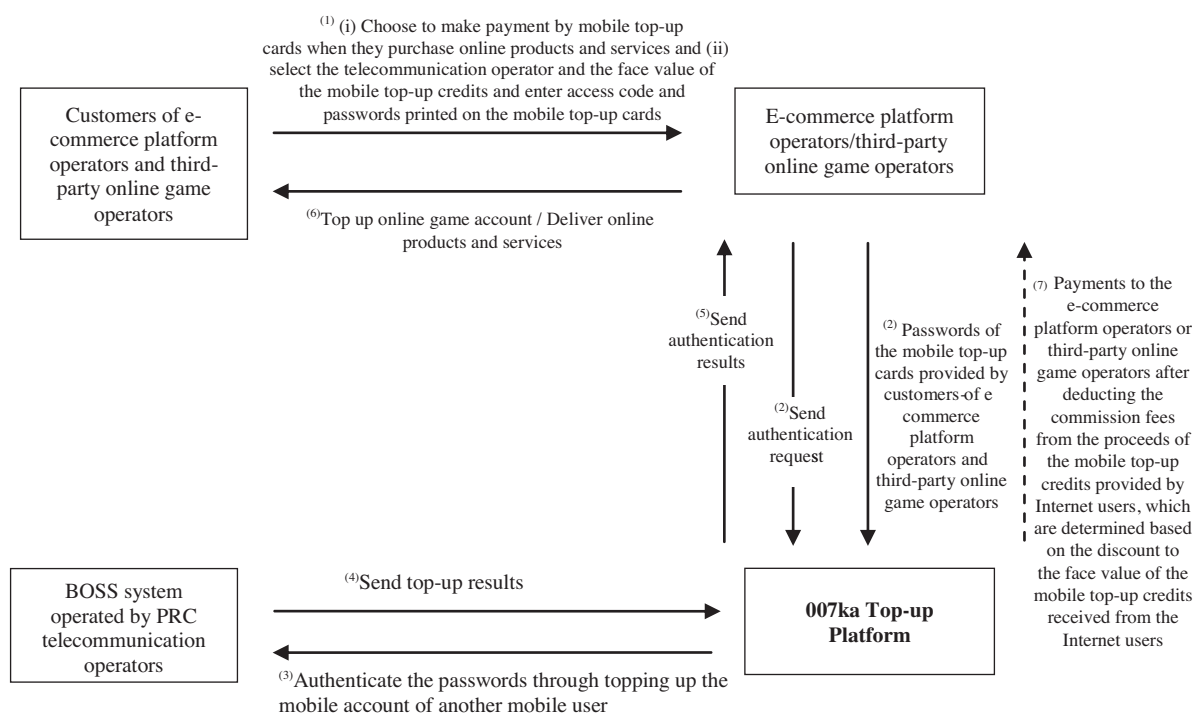
To purchase online products or services offered by the e-commerce platform operators or recharge an online game account, the Internet user needs to select a telecommunication operator and enters the password printed on the mobile top-up card he purchases from the PRC telecommunication operator or its distributors on the Internet, which will be transferred to our 007ka Top-up Platform through the electronic connection we maintain with the e-commerce platform operators and the third-party online game operators. Our 007ka Top-up Platform will authenticate the password through using it to fulfill a mobile top-up request we receive from another mobile user obtained through our various channels. Upon successful authentication, our 007ka Top-up Platform will instruct the e-commerce platform operators to provide online products or services to such Internet user or the third-party online game operators to proceed with the online account top-up request and inform the Internet user of the top-up result.

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To authenticate the password provided by the Internet user, our 007ka Top-up Platform first performs a preliminary examination to check if the password has the same number of digits as would be used by the PRC telecommunication operator. Upon preliminary examination, our 007ka Top-up Platform will use the password to complete an actual mobile top-up request we receive from a mobile user in order to authenticate the validity of the password.

Our 007ka Top-up Platform receives a large number of mobile top-up requests from mobile users. When our platform obtains passwords provided by the Internet users, it will select a matching mobile top-up request and then connect to the BOSS system operated by the PRC telecommunication operators through calling the PRC telecommunication operators' toll-free numbers. The PRC telecommunication operators require us to provide mobile phone numbers and passwords of the mobile top-up credits. Our 007ka Top-up Platform can automatically send such information to the PRC telecommunication operators, who will authenticate the information and top up the mobile accounts if the password we provide is genuine. The PRC telecommunication operators will then inform us that the mobile top-up process is completed and reveal the amount of mobile top-up credits that has been added to the mobile accounts. If the passwords provided by the Internet users are invalid, the BOSS system will reject our attempt to top up mobile accounts.

The following diagram illustrates the process for our sourcing of mobile top-up credits from customers of e-commerce platform operators and third-party online game operators:



Notes:

“—▶” denotes flow of actions and “---▶” denotes flow of monies

BUSINESS

- (1) Customers of e-commerce platform operators and third-party online game operators choose to make the payment by mobile top-up cards, select the relevant telecommunication operators and the face value of the mobile top-up credits and enter access code and passwords printed on the mobile top-up cards with the e-commerce platform operators and third-party online game operators on the Internet;
- (2) E-commerce platform operators or online game operators send authentication requests and the passwords of the mobile top-up cards to us;
- (3) We authenticate the passwords of the mobile top-up cards through topping up the mobile account of another mobile user. At the same time, we are entitled to the payments of mobile top-up service from such mobile users;
- (4) PRC telecommunication operators inform us of the mobile top-up results;
- (5) We relay the authentication results to the e-commerce platform operators or online game operators;
- (6) E-commerce platform operators deliver online products and services to their customers or top up online game accounts designated by their customers; and
- (7) When settling proceeds of the mobile top-up credits provided by Internet users with the e-commerce platform operators or third-party online game operators, we usually make payments to such e-commerce platform operators or third-party online game operators after deducting the commission fees from the proceeds. Such payments represent a discount to the face value of the mobile top-up credits received from the Internet users.

E-commerce platform operators and the third-party online game operators usually offer their customers various payment options, including online payments with credit cards and debit cards issued by major banks in the PRC, payment through third-party online payment platforms such as UnionPay and Wechat and payments with mobile top-up cards. The Internet users favor our 007ka Top-up Platform mainly because some Internet users who are located in underdeveloped regions may not have online banking accounts, and therefore cannot settle the transaction online, while mobile top-up cards can be purchased from various sources established by PRC telecommunication operators, including supermarkets, convenience stores, grocery stores, hotels and pharmacies, even in the underdeveloped regions in the PRC. In addition, other Internet users who are sensitive to their privacy and security of information are reluctant to use online banking systems as they are required to input their personal and login information when they make payments through online banking systems. In comparison, the mobile top-up cards are easier to acquire because of the extensive network coverage of the PRC telecommunication operators. Leveraging the availability of the mobile top-up cards, our 007ka Top-up Platform allows the Internet users to use mobile top-up cards in exchange for online products or services.

For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, we had business relationships with around 80, 80, 150 and 190 suppliers, respectively. As of the Latest Practicable Date, our five largest suppliers for the nine months ended September 30, 2015 had an average of approximately six years of business relationships with us. In 2012, 2013 and 2014 and the nine months ended September 30, 2015, the cost of sourcing from our five largest mobile top-up credit suppliers accounted for approximately 32.8%, 38.9%, 41.8% and 41.0%, respectively, of our total sourcing cost, and the cost of sourcing from the largest mobile top-up credit supplier accounted for approximately 10.6%, 11.5%, 11.7% and 12.0% of our total sourcing cost, respectively. Save for Kuqi Investment Company Limited, one of our five largest suppliers in 2012 and a company controlled by Sinomaster Investment, none of our Directors, their associates, or our shareholders who owns more than 5% of our issued share capital, had any interest in any of our five largest suppliers during the Track Record Period. Historically, Kuqi Investment Company Limited obtained mobile top-up credits from a PRC telecommunication operator and we purchased from Kuqi

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Investment Company Limited some mobile top-up credits in the amount of approximately RMB266.8 million in 2012. Save for the above, there were no other similar transactions with Kuqi Investment Company Limited during the Track Record Period. We did not purchase mobile top-up credits from Kuqi Investment Company Limited after 2012 because in 2012, Kuqi Investment Company Limited was able to purchase mobile top-up credits from a PRC telecommunication operator, but the purchase was a one-off transaction. Kuqi Investment Company Limited did not purchase any mobile top-up credits from the PRC telecommunication operator in 2013, 2014 and the nine months ended September 30, 2015. The primary business of Kuqi Investment Company Limited is distribution of gift products and arts and crafts mainly to PRC telecommunication operators and their distributors. We did not purchase any mobile top-up credits from Kuqi Investment Company Limited after 2012 also because we would like to avoid related party transactions since Kuqi Investment Company Limited is a company controlled by Sinomaster Investment.

Accounting treatments for purchase of mobile top-up credits

Sourcing of mobile top-up credits by our Group from PRC telecommunication operators and their distributors

In a typical transaction through our 007ka Top-up Platform where our Group uses mobile top-up credits sourced from PRC telecommunication operators or their distributor, our Group will recognize the mobile top-up credits purchased as inventory at cost (i.e. Dr. Inventories and Cr. Cash and cash equivalents). Upon usage of such inventory, the cost will be recognised as the gross transaction value with the PRC telecommunication operators and their distributors. The difference between the gross transaction value with the PRC telecommunication operators and their distributors and the gross transaction value with mobile users will be recorded by our Group as revenue. If our Group pays RMB99 to a distributor of a PRC telecommunication operator to purchase a mobile top-up card in the face value of RMB100, RMB1 will be recognized by our Group as revenue.

Arrangement for our Group to relay requests to PRC telecommunication operators and their distributors

In a typical transaction where our Group relays a mobile top-up service request to a PRC telecommunication operator or its distributor, our Group will usually be required to make a prepayment (i.e. Dr. Prepayments and Cr. Cash and cash equivalents). The PRC telecommunication operator or its distributor will deduct from the prepayment the fee it charges upon a mobile top-up is complete. For example, our Group pays RMB99 to a distributor of a PRC telecommunication operator for mobile credits in the face value of RMB100 and records the money as prepayment. The distributor will deduct RMB99 from the prepayment made by us upon completion of its mobile top-up service. The difference between the gross transaction value with the mobile user and the gross transaction value with the distributor, i.e., RMB1, will be recorded by our Group as revenue.

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Sourcing of mobile top-credits by our Group from e-commerce platform operators and third-party online game operators

In a typical transaction where our Group sources mobile top-up credits from e-commerce platform operators and third-party online game operators, our Group will recognize the mobile top-up credits purchased as inventory at cost (i.e. Dr. Inventories and Cr. Cash and cash equivalents/Prepayments). The recognition of our Group's gross transaction value with e-commerce platform operators and third-party online game operators as well as our Group's revenue is similar to that related to the sourcing of mobile top-up credits from PRC telecommunication operators and their distributors as explained above.

Key Contractual Terms with Suppliers

The table below summarizes the key contractual terms with our suppliers:

<u>Type of contractual parties</u>	<u>Type of contracts</u>	<u>Major terms of contracts</u>
(i) PRC telecommunication operators	(a) Purchase agreements under which we source mobile top-up credits from the PRC telecommunication operators	<ul style="list-style-type: none"> • We purchase mobile top-up cards from PRC telecommunication operators by making payments to them • The term of the purchase agreements is typically one year • The PRC telecommunication operators are entitled to terminate the purchase agreements if we fail to comply with the policies of the PRC telecommunication operators and the provisions of the purchase agreements • The PRC telecommunication operators typically offer discounts to the face value of the mobile top-up cards we purchase, which may be subject to policy changes of the PRC telecommunication operators from time to time • Under the purchase agreements, the PRC telecommunication operators shall deliver the scratch or virtual mobile top-up cards according to purchase orders we place with them from time to time

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Type of contractual parties	Type of contracts	Major terms of contracts
	(b) Cooperation agreements under which we relay the mobile top-up requests we receive from mobile users to the PRC telecommunication operators	<ul style="list-style-type: none"> • We make prepayments when we enter into cooperation agreements with the PRC telecommunication operators • The cooperation agreements generally have various terms ranging from nine months to three years • We need to continuously top up the prepayments to the PRC telecommunication operators to ensure continued services from them • The value of the mobile top-up credits will be deducted from the prepayments we made to the PRC telecommunication operators. When we relay the top-up requests to the PRC telecommunication operators, they usually provide us discounts to the face value of mobile top-up credits • The PRC telecommunication operators usually provide settlement statements to us within one business day, which specify the aggregate amount of mobile top-up credits we source • We are typically not required to retain a minimum amount of prepayments with the PRC telecommunication operators under the cooperation agreements

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Type of contractual parties	Type of contracts	Major terms of contracts
(ii) The distributors of the PRC telecommunication operators	(a) Purchase agreements under which we source mobile top-up credits from the distributors of the PRC telecommunication operators	<ul style="list-style-type: none"> • We purchase mobile top-up cards from the distributors of the PRC telecommunication operators by making payments to them • The term of the purchase agreements typically ranges from one to two years • The price of the mobile top-up credits is determined by the distributors of PRC telecommunication operators based on a daily quotation according to the market condition. The quantity of the mobile top-up credits is determined on purchase orders we place with the distributors of the PRC telecommunication operators from time to time • We typically pay the consideration for the purchase of mobile top-up credits to the distributors of the PRC telecommunication operators before or immediately after the delivery of such mobile top-up credits
	(b) Cooperation agreements under which we relay mobile top-up requests we receive from mobile users to the distributors of the PRC telecommunication operators	<ul style="list-style-type: none"> • We make prepayments and relay mobile top-up requests to the distributors of the PRC telecommunication operators to complete the mobile top-up services; the value of mobile top-up credits will be deducted from our prepayments

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Type of contractual parties	Type of contracts	Major terms of contracts
		<ul style="list-style-type: none">• The cooperation agreements generally have various terms ranging from eight months to three years• We need to continuously top up the prepayments to the distributors of the PRC telecommunication operators to ensure continued services from them• We typically receive discounts from the distributors of the PRC telecommunication operators in connection with the mobile top-up requests we relay to such distributors• The distributors of the PRC telecommunication operators usually provide us with the settlement statements setting forth the proceeds for the mobile top-up services provided by the distributors of the PRC telecommunication operators to us through email or the online platforms of the distributors of the PRC telecommunication operators• We are typically not required to retain a minimum amount of prepayments with the distributors of the PRC telecommunication operators under the cooperation agreements• We are generally entitled to terminate the cooperation agreements if the distributors fail to provide mobile top-up credits• If the distributors of the PRC telecommunication operators fail to provide valid mobile top-up credits, they are responsible for any losses we incur

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Type of contractual parties	Type of contracts	Major terms of contracts
(iii) Other	Cooperation agreements with e-commerce platform operators and third-party online game operators for the authentication of the Internet users' mobile top-up credits	<ul style="list-style-type: none"> • The term of the cooperation agreements is typically one year • We charge the e-commerce platform operators and third-party online game operators a commission fee for the authentication of mobile top-up credits provided by the Internet users • When settling proceeds of the mobile top-up credits provided by Internet users with the e-commerce platform operators or third-party online game operators, we usually make payments to such e-commerce platform operators or third-party online game operators after deducting the commission fees from the proceeds. Such payments represent a discount to the face value of the mobile top-up credits received from the Internet users • Sometimes we are required to make prepayments to the e-commerce platform operators and third-party online game operators and may be required to retain a minimum amount of prepayments ranging from RMB10,000 to RMB300,000 • Either party is entitled to terminate the agreements with a written notice to the other party thirty days prior to such termination

For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, we were offered an average discount rate of approximately 1.6%, 1.6%, 1.6% and 1.4%, respectively, by the PRC telecommunication operators, and an average discount rate of approximately 1.3%, 1.3%, 1.3% and 1.0%, respectively, by the distributors of the PRC telecommunication operators. The discounts offered by the PRC telecommunication operators and their distributors to us were relatively stable for the years ended December 31, 2012, 2013 and 2014, but decreased for the nine months ended September 30, 2015, primarily due to the increase in pricing of sourcing quoted from the PRC telecommunication operators and their distributors. In addition, for the years ended December

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31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, we were offered an average discount rate of 5.1%, 4.6%, 3.8% and 2.8%, respectively, by our other suppliers which are e-commerce platform operators and third-party online game operators. Such discounts were agreed after arm's length negotiation among the parties with reference to prevailing market commission rates and were considered to be fair, reasonable and in line with the market rates. The discount rates offered by the e-commerce platform operators and third-party online game operators decreased during the Track Record Period, primarily due to the increasing bargaining power of the e-commerce platform operators and third-party online game operators as a result of the intensified competition in the PRC mobile top-up industry. We were offered higher discounts by the e-commerce platform operators and third-party online game operators as compared to PRC telecommunication operators and their distributors, because (i) we were able to promptly verify the authentication and validity of the mobile top-up cards provided by customers of the e-commerce platform operators and third-party online game operators and provide comprehensive mobile top-up services covering all three telecommunication operators in 31 provinces in the PRC; (ii) the e-commerce platform operators and third-party online game operators can reach Internet users not relying on online payment methodologies which require substantial costs to develop such customer base by themselves; and (iii) the e-commerce platform operators and third-party online game operators do not have capacity to authenticate mobile top-up credits. We also believe that the discounts offered by the e-commerce platform operators and third-party online game operators are reasonable and in line with market rates.

SALES AND MARKETING

We continually endeavor to promote our mobile top-up services through strengthening our business relationship with our channel partners and providing best user experience to our customers in respond to the rapid growth of the Internet market. As of the Latest Practicable Date, our sales and marketing team consisted of 18 employees, who are responsible for developing and maintaining relationships with our channel partners. Our sales and marketing team keeps abreast of the latest market trend and analyzes preference of our channel partners and our customers. We are the first specialized online mobile top-up service provider that offers mobile top-up services through electronic banking systems with services covering nation-wide networks operated by the PRC telecommunication operators, according to CCID. This has helped us develop a critical user base for our 007ka Top-up Platform. We will continue to focus on maintaining and strengthening our established relationships with the PRC banks to provide our mobile top-up services. We also intend to develop relationships with additional PRC banks and third-party online platforms to further extend our reach to mobile users. In addition, we promote our brand and services through joint promotional activities with PRC banks.

COMPETITION

We primarily engage in providing mobile top-up services. The market for mobile top-up services is emerging, fragmented, intensely competitive and characterized by rapid technological changes. The rapid growth of the mobile top-up market is mainly attributable to the development of the mobile Internet market and the rapid growth of the online banking market, in particular, mobile banking market. For more information of our industry and its competitive landscape, see "Industry Overview."

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We compete principally with other top-up service providers, such as Yeepay Co., Ltd, Beijing Tianjiyilian Technology Co., Ltd, Beijing Ether GNS Technology Co., Ltd, E-banking Information of China and Shanghai 99 Bill Information Service Co., Ltd, among which the first four companies also have developed and provide their mobile top-up services through PRC bank channels. The principal competitive factors in our industry include price, brand recognition and reputation, customer service quality, user base and business relationships with PRC banks. We may also compete against new entrants of the mobile top-up market in the PRC. However, we believe new entrants face entry barriers including: (i) brand recognition and reputation, (ii) relationships with top-up channels, including PRC banks, (iii) technological expertise and (iv) capital resources.

We believe that we are able to deliver convenient, reliable and secure mobile top-up services while attracting customers of our channel partners, including PRC banks, offline channel partners and other partners who are concerned with transferring private information online and reducing the burden on customers who need to complete online registrations or open accounts with specific banks if they utilize the alternative payment platforms.

We primarily compete on our ability to provide high-quality mobile top-up services, attract and retain our cooperative partners, including PRC banks, offline channels and third-party online platforms by satisfactory customer service and ensure the stability of our operating platform. We believe that our 007ka Top-up Platform is able to provide reliable, secure and scalable mobile top-up services. Since our inception, we have dedicated substantial efforts and technical resources to improve our platform and have been working with PRC banks to design and develop systems to provide quality services to their customers. As a result of our efforts, we have been able to meet stringent technological requirements of the PRC banks and establish and maintain stable business relationships with our PRC bank partners. In 2006, we became 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. In addition, we were the largest provider of mobile top-up services through electronic banking systems in China in terms of transaction volume, with a market share of 61.5% in 2014, according to CCID. As of the Latest Practicable Date, the Five Largest State-owned Commercial Banks had an average of approximately six years of business relationship with us. During the Track Record Period and up to the Latest Practicable Date, no cooperation agreements with the PRC banks had been suspended or terminated. We believe our leading market position and early mover advantage have enabled us to maintain long-term cooperative relationships with our PRC bank partners. Primarily due to our satisfactory service quality, strong brand recognition and reputation and our leading market position among mobile top-up service providers offering mobile top-up services through electronic banking systems, we are the sole mobile top-up service provider of most of our PRC bank partners although our agreements with these PRC banks are generally non-exclusive and do not prohibit them from working with our competitors. We generally provide mobile top-up services at face value of mobile top-up credits which we source primarily from PRC telecommunication operators and their distributors. The prices of the mobile top-up services provided through electronic banking systems are determined upon agreement by the PRC banks and the mobile top-up service providers. We have cultivated a large user base through our channel partners, including PRC banks, offline channel partners and other channel partners over the years. The number of mobile users who used our services through various channels, including electronic banking systems of PRC banks, offline channels and other channels, increased from approximately 33.6 million in 2012 to approximately 51.8 million in 2013 and approximately 82.0 million in 2014, representing a CAGR of 56.2%. The number

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of mobile users who used our services through various channels, including electronic banking systems of PRC banks, offline channels and other channels, increased from approximately 63.5 million for the nine months ended September 30, 2014 to approximately 73.4 million for the nine months ended September 30, 2015, representing an increase of approximately 15.6%. Although we might not have absolute pricing advantage, we believe that mobile users choose to use our services through electronic banking systems operated by PRC banks because they perceive online banking channels as stable and secure platforms and a convenient way for them to process mobile top-up transactions given PRC banks' reputation as reliable service providers. Our close alliance with PRC banks allows their customers to utilize our mobile top-up services through their stable and secure electronic banking systems, resulting in a significant increase in the number of mobile users in the past few years. In addition, we have in place a real-time automatic mechanism to monitor irregularities of top-up results such that we can deal with such irregularities proactively and enable our customers to enjoy fast, reliable and convenient mobile top-up services. The security, reliability and accessibility of electronic banking systems operated by PRC banks, coupled with our aforesaid high quality services, provide our customers with satisfactory user experience. We believe that our stable and long-term relationships with PRC banks and high quality services provide us with a competitive advantage given mobile users' perception on the stability and security of electronic banking systems operated by PRC banks as well as the convenience that they can achieve in processing mobile top-up transactions through online banking channels. We also believe that our market leadership among mobile top-up service providers using electronic banking channels well positions us to capture the opportunities arising from the continual growth of the Chinese mobile top-up market, and that our technical know-how and operating experience gained from developing and operating our platform contribute to our competitiveness as a mobile top-up service provider.

According to CCID, mobile users who get used to delivering their mobile top-up requests through electronic banking systems of PRC banks are less likely to switch to other online non-banking top-up channels such as Wechat, given that they have established their own spending habits and are more likely to continue to use the same channels to meet their mobile top-up service needs. Currently, most PRC banks are able to provide their services through mobile phones or other portable devices, which is under increasing acceptance among the public. Mobile users can therefore get access to mobile top-up services on both online banking and non-banking top-up channels through mobile phones or other portable devices. As a result, both online banking and non-banking top-up channels are able to reach out the same group of users. As advised by CCID, the pricing difference between online banking top-up channels and Wechat in respect of provision of mobile top-up services is insignificant and is not a critical factor for mobile users to consider in choosing mobile top-up channels. Compared with online non-banking top-up channels, online banking top-up channels possess some unique advantages, such as high recognition from mobile users and the reliability, security, convenience and service quality of online banking systems, which mobile users will take into account in choosing their mobile top-up channels apart from the pricing. In addition, according to CCID, the three PRC telecommunication operators regard online banking systems as the most important channel for providing mobile top-up services, allowing us to continue to enjoy stable growth in transaction values. Undoubtedly, some mobile users may shift from online banking top-up channels to other online non-banking top-up channels such as Wechat because of, among others, the discounts offered. However, CCID considered that the broadening of our user base, resulting from the switch from offline top-up channels to online top-up channels, the continual enhancement of online banking systems and the increase in accessibility from end users through different devices as mentioned above, will

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outweigh the loss of mobile users resulting from the competition from online non-banking top-up channels such as Wechat. Nevertheless, according to CCID, no apparent trend has been established as to whether mobile users are shifting from online banking top-up channels to online non-banking top-up channels. Moreover, the gross transaction value generated from our Wechat account has been growing rapidly, from approximately RMB4.6 million in 2014 to approximately RMB110.1 million for the nine months ended September 30, 2015. We expect that the gross transaction value generated from our Wechat account will continue to grow. As such, in the opinion of CCID, online non-banking top-up channels such as Wechat will not cause substantial threat to us as a pioneer mobile top-up service provider through electronic banking systems of PRC banks. The transaction values of both online banking and non-banking top-up channels are expected to grow together in the future. According to the CCID Report, revenue derived from online banking top-up channels was approximately RMB21 billion in 2014 and is expected to grow approximately 11.5% each year for the following five years. As for the revenue derived from online non-banking top-up channels such as Wechat, it is expected to grow approximately 12.3% each year during the period from 2014 to 2019, according to CCID. We currently provide mobile top-up services primarily through online banking and mobile phone banking systems maintained by PRC banks and will further enhance our cooperation with PRC banks and continue to expand our bank network in order to take advantage of the expected growth in online banking top-up channels. It is also one of our strategies to continue to expand our user base through online non-banking top-up channels and offline channels. As a result, we expect to maintain a stable growth of gross transaction values and therefore the revenue and profit in the future.

RESEARCH AND DEVELOPMENT

We believe that our research and development capabilities are indispensable to our future growth. We have a dedicated team that maintains and improves the performance, reliability and security of our platform, which is capable of handling traffic and transactions for a growing customer base. We regularly perform maintenance on our platform to ensure our servers are properly protected by anti-virus software and firewalls. We focus our research and development efforts on further strengthening the security of our operating platform and increasing the processing speed of our system to enhance user experience. As of the Latest Practicable Date, we had developed and registered 10 software copyrights.

As a result of our research and development efforts, we have won various awards and recognitions. See “Business — Awards and Recognition” for details of awards and recognitions we have received.

As of the Latest Practicable Date, our research and development team comprised 53 personnel, all of whom have obtained bachelor’s or other advanced degrees. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, we incurred research and development expenses of RMB4.2 million, RMB5.7 million, RMB8.7 million, RMB6.0 million and RMB10.3 million, respectively, representing 4.8%, 4.2%, 3.9%, 3.7% and 5.6% of our total revenue, respectively.

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QUALITY CONTROL

We have implemented certain quality control measures to ensure the quality of our mobile top-up services. For example, we have in place a 24-hour real-time automatic monitoring mechanism to report irregularities in our systems to different personnel within our operation department depending on the level of materiality. We deal with irregularities proactively by various means, including debugging and coordinating with the technology departments of our partners. This allows us to quickly respond to and resolve network malfunction issues to ensure the stability and security of our network.

In addition, we select our suppliers based on a set of criteria, which includes the price of the mobile top-up credits and quality of the mobile top-up services offered by such suppliers and their credit record. Our procurement department, which comprised 17 members as of the Latest Practicable Date, is responsible for maintaining our relationship with our suppliers and reviewing and evaluating the performance of our suppliers from time to time.

We have taken measures to manage the fluctuation of costs of the mobile top-up credits sourced from the PRC telecommunication operators and their distributors. For example, upon receiving mobile top-up requests from mobile users, we compare prices offered by different PRC telecommunication operators and their distributors and choose the supplier who can provide mobile top-up credits with lower price and satisfactory service. We also appoint certain personnel to monitor the market price of the mobile top-up credits where we operate and source mobile top-up credits when appropriate. However, we cannot pass the increase in the cost of the mobile top-up credits to our customers because we generally provide mobile top-up services at the face value of the mobile top-up credit.

We have also adopted certain measures to control our inventory level in order to avoid accumulation of mobile top-up credits. We source mobile top-up credits based on the anticipated transaction volume and the demand patterns. For example, we source mobile top-up credits when necessary to ensure sufficient supplies of such credits for our anticipated high demand in the early of each month. We have also implemented an efficient inventory management system which employs first-in-first-out principle for inventory control. In addition, we designate certain personnel to monitor our inventory level on a real-time base to ensure sufficient supply and avoid shortage or excessive inventory. During the Track Record Period, we did not experience any shortage of mobile top-up credits that had material adverse impact to our operation.

INTELLECTUAL PROPERTY

We regard our proprietary domain names, copyrights, trademarks and other intellectual property critical to our business operations. We had 31 registered domain names as of the Latest Practicable Date, including **www.007ka.com** and **www.nnk.com.hk**. We rely on a combination of copyrights, trademarks and domain name registrations, as well as employee and third party confidentiality agreements to protect our intellectual property.

As of the Latest Practicable Date, we had registered 10 software copyrights, two trademarks in the PRC and two trademarks in Hong Kong related to our business. All of our intellectual properties are owned by Shenzhen NNK. We have also registered the computer software copyrights

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that cover our operating platform in the PRC. During the Track Record Period and up to the Latest Practicable Date, we did not experience any infringement of our intellectual property rights having a material adverse effect on our business; nor had we been subject to any material intellectual property rights claims by third parties.

EMPLOYEES

As of December 31, 2012, 2013 and 2014 and September 30, 2015, we had 200, 279, 245 and 210 full-time employees in the PRC, respectively. The following table sets forth the number of our employees by function as of the Latest Practicable Date:

Function	Number of Employees	Percentage (%)
Research and development	53	26.6
Operations	23	11.6
Sales and marketing	18	9.0
Customer service	66	33.2
General administration	8	4.0
Others	<u>31</u>	<u>15.6</u>
Total	<u>199</u>	<u>100.0</u>

We recruit employees primarily through professional recruiters, campus recruiting, internal reference and the Internet. We have implemented training programs for new hires and provided regular on-the-job training to our employees to enhance their skills. We believe that these initiatives have contributed to increased employee productivity.

As required by PRC regulations, we participate in employee benefit plans mandated by the PRC government, including basic pension insurance, work-related injury insurance, maternity insurance, basic medical insurance, unemployment insurance and housing provident fund scheme. We are required to make contributions to our employee benefit plans based on specified percentages of the total remuneration of our employees up to a maximum amount specified by local governmental authorities where we operate. Retirement benefits scheme contributions from continuing operation amounted to approximately RMB577,000, RMB937,000, RMB1,593,000 and RMB1,511,000 for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively. Please refer to the paragraph headed “Legal Proceedings and Regulatory Compliance — Non-compliance” in this section for non-compliance in respect of social insurance and housing provident fund. In addition to benefit plans required by PRC regulations, we also offer competitive remuneration packages, which generally include base salary, performance-based bonus and housing benefits for our employees.

We enter into a standard employment agreement with our executive officers, managers and employees. We also enter into confidentiality and non-competition agreements with our key employees, pursuant to which they are subject to a non-competition provisions effective during and up to 24 months after termination of employment with us.

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Our employees have not formed any employee union or association. We believe that we maintain good relationships with our employees. As of the Latest Practicable Date, there had been no labor dispute that materially and adversely affected our operations.

INSURANCE

We carry pension, medical, unemployment, occupational injury and maternity insurance for our employees in compliance with applicable PRC laws and regulations. We do not maintain business liability or interruption insurance or key-man insurance. Our Directors are of the view that our current insurance coverage is adequate and in line with the industry practice. As our business expands, we will continue to regularly review and assess our risk portfolio and adjust our insurance practice based on our needs and industry practice.

OCCUPATIONAL HEALTH AND SAFETY MATTERS

We are required to comply with work safety laws and regulations imposed by the government authorities in China. We have implemented various occupational health and safety procedures to maintain a safe work environment, including (i) providing guidelines for operational and safety control procedures to all employees, (ii) adopting protective measures at our facilities, (iii) inspecting our facilities regularly to identify and eliminate safety hazard and (iv) regularly training our employees on safety awareness. As our business expands, we will continue to regularly review our occupational health and safety procedures to ensure they comply with industry customary practices and applicable legal standards.

As of the Latest Practicable Date, we had not encountered any material unplanned outages due to health and safety issues, nor had we received any material health and safety related claim from any existing or former employees for any accident occurred during the Track Record Period.

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we did not own any real properties.

Leased Properties

As of the Latest Practicable Date, we leased an aggregate gross floor area of approximately 3,564.5 square meters in Shenzhen, Beijing, Chengdu, Henan and Zhengzhou, under 20 lease agreements for our office spaces and employee dormitory. The landlords are independent third parties. Except as disclosed in this prospectus, leased properties are leased under lease agreements which are valid and legally binding. The lease agreements typically have a term of one to four years. In the event that we are not able to renew any of our leases, we believe that we could relocate our operations to new properties without undue cost of disruption. As of the Latest Practicable Date, lessors of 16

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properties, representing approximately 86% of the total gross floor areas we leased, had not been able to provide title certificates to their properties and the lease agreements relating to 15 properties, which represented approximately 43.4% of the total gross floor areas we leased, had not been registered with the relevant PRC authorities.

Our Directors are of the view that replacements for the leased properties with defective titles or without registration with the competent PRC authorities are readily available. We believe that it generally takes less than one month for us to relocate office space or employee dormitory to a new site. Our Directors believe that the title defects and lack of lease registration, individually or collectively, would not materially affect our business and results of operations. Please refer to the sections headed “Risk Factors — Risks Relating to Our Business - Some of our leased properties have defective titles and we may be required to cease occupation and use of such leased properties if there is a valid claim for them”, “Risk Factors — Risks Relating to Our Business — Some of our lease agreements have not been registered with the relevant PRC authorities and we might be subject to administrative fines” and “— Legal Proceedings and Regulatory Compliance — Non-compliance — Lease registration” for further details.

Property Valuation

As of the Latest Practicable Date, we did not have any single property with a carrying amount exceeding 15% of our total assets, and accordingly, we are not required by section 5.01A of the Listing Rules to include in this prospectus any valuation report. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

AWARDS AND RECOGNITION

During the Track Record Period, we have received various awards and recognition in respect of the quality and popularity of our products and services, among which include the following:

<u>Award/Recognition</u>	<u>Award Month</u>	<u>Awarding Institution/Authority</u>
2012 Special Support Award	January 2013	Shenzhen E-Commerce Association
2012 Innovative Business Cooperation Partner.....	January 2013	Shenzhen branch of China UnionPay
Third Prize in 2012 among the Value-added Telecommunication Businesses in Guangdong Province ...	June 2013	Guangdong Communication Administration Bureau
Software Enterprise Certificate* (軟件企業認定證書).....	June 2013	Shenzhen Economic Trading and Information Commission
Award for Supporting Association Development in 2013.....	December 2013	Shenzhen E-Commerce Association

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Award/Recognition	Award Month	Awarding Institution/Authority
2013 Shenzhen Top 10 E-Commerce Operator	January 2014	China (Shenzhen) E-Commerce Enterprise Leadership Summit Committee
Fourth Prize in 2013 among the Value-added Telecommunication Businesses in Guangdong Province ...	July 2014	Guangdong Communication Administration Bureau
Shenzhen High-Tech Enterprise Certificate* (深圳市高新技術企業認定證書)	August 2014	Shenzhen Technology Innovation Commission and Shenzhen Finance Commission
High-Tech Enterprise Certificate* (高新技術企業認定證書)	September 2014	Shenzhen Technology Innovation Commission, Shenzhen Finance Commission, Shenzhen National Tax Bureau and Shenzhen Local Tax Bureau

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

Legal proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors which could have a material adverse effect on our operations or financial condition.

Licenses, permits and certificates

During the Track Record Period and up to the Latest Practicable Date we had obtained all licenses, permits, qualifications, authorizations and approvals material to our business operations and all of them are in full force and effect. We expect that there will be no impediment to renew the licenses and permits that we currently possess. The table below sets forth the relevant details of the major licenses required for the operations of our Group in the PRC:

License/Permit	Holder	Grant Date	Expiration Date
ICP License	Shenzhen NNK	March 11, 2013	August 8, 2016
Short Message Service Code Usage Certificate .	Shenzhen NNK	July 25, 2013	August 8, 2016

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Non-compliance

Set out below is a summary of certain incidents of our non-compliance with applicable PRC laws and regulations during the Track Record Period. Based on the advice of our PRC Legal Advisor, our Directors are of the view, and the Sole Sponsor concurs, that none of the non-compliance incidents as mentioned below will have any material operational or financial impact. Having considered the facts and circumstances leading to the non-compliance incidents as disclosed in this section, our Directors' integrity and our Group's enhanced internal control measures mentioned below, our Directors are of the view, and the Sole Sponsor concurs, that we have adequate and effective internal control procedures in place in accordance with the requirements under the Listing Rules, and the non-compliance incidents will not affect the suitability of the Directors to act as directors of a listed issuer under Rules 3.08, 3.09 and 8.15 of the Listing Rules, and the suitability for the listing of our company under Rule 8.04 of the Listing Rules. Save as disclosed below, we have been in compliance with the applicable PRC laws and regulations relating to our business operations during the Track Record Period in all material respects.

Social insurance schemes and housing provident fund

During the Track Record Period, we contributed to the employee social insurance schemes and housing provident fund based on minimum wages in Shenzhen and the seniority of employees because our employees would like to make less social insurance fund and housing provident fund contribution for which they were responsible under applicable PRC laws and regulations, whereas under applicable PRC laws and regulations such contributions should instead be calculated based on actual wages of employees. The aggregate amount of the difference in social insurance contribution based on the actual wages of employees during the Track Record Period was approximately RMB2.6 million, and the aggregate amount of the difference in housing provident fund contribution based on the actual wages of employees during the Track Record Period was approximately RMB1.1 million. We have discussed with our employees in connection with the settlement of the historical outstanding social insurance and housing provident fund for them. Our employees have decided not to settle the historical outstanding social insurance and housing provident fund because they do not want to make contribution to certain proportion of the outstanding amount of the social insurance and housing provident fund.

Our PRC Legal Advisor has advised that the relevant PRC authorities may notify us that we are required to pay the outstanding contributions within a stipulated deadline and (i) in respect of any outstanding social insurance contributions that accumulated prior to July 1, 2011, where payment is not made prior to such deadline, we may be liable to a penalty equal to 0.2% of the outstanding amount calculated daily from the date the relevant social insurance contributions became payable; and (ii) in respect of any outstanding social insurance contributions that accumulated after July 1, 2011, we may be liable to a penalty equal to 0.05% of the outstanding amount calculated daily from the date the relevant social insurance contributions became payable and, if we make such payments in arrears, we may be subject to a fine of one to three times the outstanding contribution amount. Our PRC Legal Advisor has further advised us that the relevant housing provident fund authorities may request us to pay the outstanding housing provident fund contribution within a prescribed time limit and if we fail to do so, the relevant housing provident fund authorities may apply for an order for payment from the relevant PRC court.

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On October 21, 2014, March 4, 2015, May 29, 2015, August 10, 2015 and October 30, 2015, our company obtained written confirmation letters from the Social Insurance Fund Bureau of Shenzhen (being the competent authorities as advised by our PRC Legal Advisor), confirming that we had not been subject to any administrative penalty as a result of any breach of the applicable PRC social insurance laws and regulations during the Track Record Period and up to November 17, 2015. Our company also obtained the confirmation letters dated February 12, 2015, May 12, 2015, August 5, 2015 and October 23, 2015 issued by Shenzhen Housing Provident Fund Management Center (being the competent authorities as advised by our PRC Legal Advisor) confirming that we had not been subject to any administrative penalty as a result of any breach of the applicable PRC housing funds laws and regulations during the Track Record Period and up to September 30, 2015.

As advised by our PRC Legal Advisor, the likelihood that the relevant social insurance authorities and the relevant housing provident fund authorities will order us to pay the outstanding social insurance and housing provident fund amounts or impose any late payment or penalty is remote. As of the Latest Practicable Date, we had not received any orders or demands requesting us to pay the outstanding social insurance or housing provident fund amounts, or any notice of claim or penalty in relation to any of the non-compliance incidents. If we receive any such orders or demands, we will immediately pay the outstanding social insurance and housing provident fund contributions and any late charges imposed by the relevant authorities.

We have started to make social insurance and housing provident fund contributions for our employees since April 2015 in full compliance with applicable PRC laws and regulations. We will enhance our internal control policies to ensure we make social insurance and housing provident fund contributions for our employees pursuant to applicable PRC laws and regulations. We established a register to keep track of the contribution schedules in May 2015. The register includes information such as a name list of employees eligible for the social insurance and housing provident fund schemes, expected contribution amount and contribution date. Our human resources department monitors the compliance of social insurance and housing provident fund contributions on a monthly basis.

Loans to related companies and a third-party enterprise

During the Track Record Period, we advanced funds to certain related companies, including Shenzhou Tongfu, Shenzhou Tonghao and their respective subsidiaries, and made loans to a third-party enterprise (the “Loan”), which were not compliant with PRC laws and regulations. The borrower of the Loan was an Independent Third Party and has no past or present relationships with our company, our Shareholders, our Directors, senior management or any of their respective associates, other than the relationship associated with the Loan. Such non-compliance was primarily attributable to our failing to appreciate that advancing such funds and extending the Loan were prohibited under applicable PRC laws and regulations. The advances to the related companies were unsecured, interest-free and repayable upon demand. The Loan was interest-bearing, unsecured and repayable upon demand. As of December 31, 2012, 2013 and 2014 and September 30, 2015, the outstanding balance of the amounts due from the related companies was approximately RMB9.7 million, RMB25.7 million, RMB132.3 million and RMB136.3 million, respectively, and the outstanding balance of the Loan to the third-party enterprise was approximately nil, RMB0.5 million, RMB0.5 million and nil,

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respectively. Details of such advances and the Loan are set out in the section headed “Financial Information — Net Current Assets and Liabilities — Amounts due from/to related companies” and “Financial Information — Net Current Assets and Liabilities — Loans to third parties” in this prospectus. As of the Latest Practicable Date, all such advances and the Loan had been settled.

According to the General Lending Provisions (《貸款通則》) promulgated by the PBOC in 1996 (the “General Lending Provisions”), the PBOC may impose fines equivalent to one to five times of the income generated (being interests charged) from loan advancing activities between enterprises. As advised by our PRC Legal Advisor, according to the Lending General Provisions formulated by the People’s Bank of China, we may be subject to a fine in an amount up to five times of the income derived from our advances to related companies and the Loan. The total interest income derived from the Loan during the Track Record Period amounted to approximately RMB62,000, and we may face a total fine for our breach of the Lending General Provisions of up to approximately RMB310,000. As of the Latest Practicable Date, the amount due from related companies and the full principal amount and interest on the Loan had been repaid and we had not received any notice of claim or penalty in relation to the relevant loan agreements.

Save as disclosed herein, we have not made any other similar loans to third parties or advances to related companies and we do not intend to make such loans or advances in the future. As advised by our PRC Legal Advisor, under the circumstances, (i) the possibility that the PBOC impose a penalty on us in respect of the advances to related companies and extending the Loan is remote and (ii) the possibility that we would be subject to proceedings in respect of the advances to related companies and extending the Loan is remote. Even if we were ordered to pay the fines or penalties, our Directors are of the view that such penalties would not have a material adverse impact on our company.

We have adopted an internal policy, which prohibits all lending to third parties or related companies at any amount. We will not approve any lending to any third parties or related companies going forward. We will conduct regular internal trainings in respect of our lending policies on a regular basis to ensure that, among other things, no lending to third parties or related companies will occur again in the future. Our audit committee will monitor and assess the effectiveness of the internal control measures implemented by us on a regular basis to prevent the recurrence of similar non-compliance incidents.

Lease Registration

As of the Latest Practicable Date, 15 out of our 20 leased properties, with an aggregate gross floor area of 1,546 square meters, representing approximately 43.4% of the total gross floor area of our leased properties, have not been registered with the relevant PRC government authorities as required by PRC law. The unregistered properties are used for our office space and employee dormitory. Registration of lease agreements requires the landlord’s cooperation, including submission of their identity documentation and relevant title certificates to relevant authorities, which may be out of our control.

Our PRC Legal Advisor has advised us that according to the Administrative Measures for the Leasing of Commodity Housing (《商品房屋租賃管理辦法》), if a company fails to register the leases within 30 days after it enters into the lease agreements, the relevant local authority is entitled to order the company to do so within a prescribed time limit. If the company fails to do so within such prescribed time limit, a maximum fine of RMB10,000 will be imposed on each non-registration.

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During the Track Record Period and up to the Latest Practicable Date, we had not been ordered by any authorities to register any of the unregistered lease agreements; nor had we received any challenge to our right to lease any property under our lease agreements. Our PRC Legal Advisor has advised us that the lack of registration of a lease will not affect its legality, validity or enforceability. Regarding the non-registration of our lease agreements, we believe the maximum potential fines are immaterial. As such, we have not made any provision in relation to this type of non-compliance. As a result of the foregoing, we plan to remain at the properties under the unregistered lease agreements during their terms, and upon the expiration of such terms or if we need to relocate from such properties, we will strive to relocate to properties owned by landlords who can cooperate to register the relevant lease agreements. Our Directors are of the view that, if the non-registration of the lease agreements prevents us from continuing the lease of any properties so that we are required to move to another location, we can relocate to other comparable alternative premises in the relevant regions without any material adverse effect on our business and financial condition.

Going forward, all lease or tenancy agreements will be reviewed by our general administration department head to ensure, among others, that so far as practicable all our lease and tenancy agreements be registered in compliance with the relevant PRC laws and regulations, and where necessary, external legal advisers will be engaged to provide professional advice.

Indemnity from Controlling Shareholders

Our Controlling Shareholders have agreed to indemnify our company against any and all losses, damages, costs and expenses incurred or suffered by our company arising out of or in connection with all of the non-compliance incidents set out above. Based on advice of our PRC Legal Advisor in relation to the above non-compliance incidents, and in view of the indemnity given by Controlling Shareholders, our Directors are of view that our company will not be exposed to any liability or penalty in connection with the above non-compliance incidents, and that the above non-compliance incidents will not have a material operational or financial impact on our Group. Accordingly, we have not made any provision in the financial statements of our Group.

INTERNAL CONTROL MEASURES

We believe that the effectiveness and efficiency of our corporate management and enhancing our internal control systems are critical to the success of our growing business. We have established various internal control procedures to facilitate the effective operation of our business.

In preparation for the Listing, we have engaged an external advisory firm to carry out an internal control review according to the agreed scope, which covers (i) entity-level controls and business process controls over financial closing and reporting, sales, purchases, inventory, treasury, and general information technology controls; and (ii) report to us on factual findings and recommendations for improvement on internal controls over the abovementioned processes and procedures. This internal control review does not constitute an audit or review in accordance with the International Standards of Auditing or any other auditing standards and, consequently, no such assurance has been or will be expressed on our internal controls. The internal control review has been carried out in accordance with the agreed scope as stated above.

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The external advisory firm's key findings and recommendations for improvement on internal controls over the abovementioned processes and procedures are related to (i) the formalization of certain policies and procedures for the above mentioned processes and procedures; and (ii) the establishment and implementation of independent review and/or approval of transactions of purchases, inventory, and financial closing and reporting. The same external advisory firm issued a final report in April 2015, and there is no statement on finding of material weakness or material insufficiency in that report.

We have taken additional internal control measures to improve our corporate governance and internal controls to ensure on-going compliance with applicable laws and regulations, details of which are set out below:

- In order to further ensure our compliance with relevant statutory requirements, we will engage external professional advisers, such as company secretarial service providers, consultancy firms, auditors and external legal advisers to render professional advice so as to comply with statutory requirements as applicable to our Group from time to time, including applicable laws and regulations in the PRC and Hong Kong and the Listing Rules.
- Our Directors and senior management attended training sessions in November 2014 and March 2015 on, among other things, guidance on conflicts of interest and trading rules as well as policies and procedures on connected transactions under the Listing Rules.
- We appointed Quam Capital Limited in March 2015 as our compliance adviser upon Listing to advise our company on compliance matters in accordance with Rule 3A.19 of the Listing Rules.
- Our Directors attended training sessions in March 2015 conducted by our Hong Kong legal advisers on, among other things, ongoing obligations, general corporate governance requirements, the duties and responsibilities of directors of a company whose shares are listed on the Stock Exchange under applicable laws, rules and regulations, including but not limited to the Listing Rules. Our Directors have provided confirmation in writing in relation to their understanding of their duties under the Listing Rules and other applicable laws and regulations.
- We will provide our Directors, senior management and employees with training, development programmes and updates regarding the legal and regulatory requirements applicable to the business operations of our Group from time to time on an annual basis. Our human resources department formulates annual training plans for our employees each year, setting for the names, targets, methods, lecturers and expense of the training courses in that year.
- We will, from time to time, engage external legal advisers and seek legal advice on our legal matters relating to our Group.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme), Fun Charge Technology, Happy Charge Technology, Cool Charge Technology and Enjoy Charge Technology will be interested in 23.6%, 15.8%, 14.0% and 6.6% of the issued share capital of our company, respectively and is wholly-owned by Huang Junmou, Yang Hua, Li Xiangcheng and Xu Xinhua, respectively. Huang Junmou, Yang Hua, Li Xiangcheng and Xu Xinhua have been acting in concert within the meaning of the Takeovers Code and will continue to act in concert with each other in the decision-making of each member of our Group. See “History, Reorganization and Corporate Structure — Our Controlling Shareholders” for details.

Huang Junmou and Yang Hua founded our Group. Huang Junmou is the chairman of our Board and an executive Director of our company. Yang Hua is the chief executive officer and an executive Director of our company. Li Xiangcheng and Xu Xinhua are non-executive Directors of our company. For details of the background of Huang Junmou, Yang Hua, Li Xiangcheng and Xu Xinhua, please refer to the sections headed “Executive Directors” and “Non-executive Directors” under the “Directors and Senior Management — Directors” section in this prospectus. None of Fun Charge Technology, Happy Charge Technology, Cool Charge Technology and Enjoy Charge Technology has carried out any business since their respective incorporation save for the holding of shares.

We, through our WFOE, Daily Charge Shenzhen, have entered into the Contractual Arrangements with Shenzhen NNK and Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua and Mr. Huang Shaowu in their capacity as registered shareholders of our PRC Operating Entity. For further details of such agreements, please refer to the section “History, Reorganization and Corporate Structure — Contractual Arrangements” in this prospectus.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are of the view that we will be able to operate independently from our Controlling Shareholders and their respective close associates (other than our Group) upon the Listing for the following reasons:

Management Independence

Our Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. Our Directors are of the view that we are able to operate independently from our Controlling Shareholders notwithstanding that Huang Junmou, Yang Hua, Li Xiangcheng and Xu Xinhua are Directors of the Board for the following reasons:

- (a) our executive Directors, supported by our experienced full-time senior management team, oversee the day-to-day management of our Group and are responsible for the operation of our Group’s business;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (b) each of our Directors is fully aware of their fiduciary duties as Directors and will dedicate their time to the management of our Group;
- (c) we believe our independent non-executive Directors bring independent judgment to the decision-making process of our Board;
- (d) our Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest and shall not be counted in the quorum present at the particular Board meeting; and
- (e) each of Huang Junmou, Yang Hua, Li Xiangcheng and Xu Xinhua has undertaken that if a conflict of interest situation arises in respect of any of them, they shall (i) not vote or be counted in the quorum of any resolution of the Board unless so authorized by the Articles, (ii) refrain from being present during the relevant discussions at Board meetings and (iii) play no part in the decision-making process of the Board.

Save for Li Xiangcheng and Xu Xinhua (non-executive Directors of our company) who are directors or supervisors of Shenzhou Tongfu, Shenzhou Tonghao or their close associates (as the case may be), none of the other Directors or senior management, who are responsible for the operation of our Group's business, holds any position in Shenzhou Tongfu, Shenzhou Tonghao and their respective close associates. Apart from the transactions set out in the sections headed "History, Reorganization and Corporate Structure" and "Connected Transactions" in this prospectus, our Directors do not expect that there will be any other significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing.

Operational Independence

Although the Controlling Shareholders will retain a controlling interest in our company after the Listing, we have full rights to make all decisions regarding, and to carry out, our own business operations independently. Save for the third party online payment services provided by Shenzhou Tongfu to our Group, details of which are set out in the section headed "Connected Transactions — Exempt Continuing Connected Transactions" in this prospectus, we do not rely on our Controlling Shareholders for our supply, business development, staffing, capital, equipment, intellectual properties or marketing and sales activities upon Listing. We have independent access to suppliers, channels and customers and an independent management team to handle our day-to-day operations. Our company (through our subsidiaries or pursuant to the Contractual Arrangements) holds or enjoys the benefit of all relevant licenses necessary to carry on our businesses.

In addition, pursuant to the Contractual Arrangements, our Directors are authorized to exercise all of the rights of the Registered Shareholders. Our Group is entitled to the right to enjoy all the economic benefits of Shenzhen NNK, our PRC Operating Entity, and to exercise management control over the operations of Shenzhen NNK. Pursuant to the Exclusive Option Agreement, Daily Charge Shenzhen has been granted an irrevocable option to purchase the equity interest in Shenzhen NNK, entirely or partially, at a purchase price equal to the minimum purchase price permitted under PRC laws. In addition, pursuant to the Exclusive Intellectual Property Purchase Option Agreement, Daily Charge Shenzhen has been granted an irrevocable option to purchase all of Shenzhen NNK's intellectual properties entirely or partially at the minimum purchase price permitted under PRC law.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Directors are of the view that through the Contractual Arrangements, our Group has obtained financial and operational control of Shenzhen NNK through Daily Charge Shenzhen, and that the Contractual Arrangements are sufficient to ensure the financial results of Shenzhen NNK can be combined as an indirect wholly-owned subsidiary of our company.

Financial Independence

During the Track Record Period and up to the Latest Practicable Date, our Group had its own internal control, accounting and financial management system and function, independent treasury functions for cash receipts and payment and we make financial decisions according to our own business needs.

In addition, our Group does not rely on the Controlling Shareholders and/or their close associates for their provision of financial resources. All loans and advances due to our Controlling Shareholders and their respective close associates had been settled as of Latest Practicable Date and all guarantees from our Controlling Shareholders for our bank borrowings will be released upon Listing. Our Directors believe that we are capable of obtaining financing from external sources without reliance on the Controlling Shareholders.

Based on the above, our Directors believe that we have the ability to operate independently from our Controlling Shareholders and their respective close associates from a financial perspective and are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

Independence from our Controlling Shareholders

Our Controlling Shareholders and Directors confirm that they do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

OTHER BUSINESSES OPERATED BY THE CONTROLLING SHAREHOLDERS

Upon the completion of our Reorganization, Shenzhou Tongfu and Shenzhou Tonghao are no longer within the Group and are separate businesses controlled by our Controlling Shareholders (together the “Other Businesses”). Shenzhou Tongfu and its subsidiary Chengdu Shenzhou Tongfu primarily engage in third-party online payment services. Shenzhou Tongfu has held a payment service license (支付業務許可證) since June 2012 and an ICP license regulated by the MIIT since 2011. It has been operating a third-party online payment service platform in China since 2012 (the “Pay1Pay Platform”), for the provision of various online payment services including, among others, mobile top-up services, traffic fines payment services, air-ticket booking services through cooperation with e-commerce platform operators and online service providers. Shenzhou Tonghao and its subsidiaries provide a number of convenience services, including air ticket agency services, fortune telling, smart phone application for parking garage fee collection and peer-to-peer financing, among other things. Given that the nature of the Other Businesses are distinctly different from the focus of our business in mobile top-up services, they were excluded from our Group as part of our Reorganization.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Delineation of Business

There is clear delineation between the business of our Group and that of Shenzhou Tonghao and its close associates. While we focus on mobile top-up services, Shenzhou Tonghao and its close associates are not involved in the telecommunication industry but are principally engaged in businesses distinct from our business, such as air ticket agency and parking garage fee collection services, in either an online or offline setting.

On the other hand, both our Group and Shenzhou Tongfu operate online platforms but with distinctively different focuses. Set out below is a summary of the major differences between the business of our Group and that of Shenzhou Tongfu:

	<u>Business of the Group</u>	<u>Shenzhou Tongfu</u>
Scopes of business.....	<ul style="list-style-type: none"> • Mobile top-up services • Mobile data usage top-up services 	<ul style="list-style-type: none"> • Third-party online payment services
Major customers	<ul style="list-style-type: none"> • Individual mobile phone users 	<ul style="list-style-type: none"> • E-commerce platform operators and online service providers
Major suppliers.....	<ul style="list-style-type: none"> • PRC telecommunication operators and their distributors 	<ul style="list-style-type: none"> • PRC banks
Primary source of revenue.....	<ul style="list-style-type: none"> • Monies received from individual mobile top-up service users 	<ul style="list-style-type: none"> • Online payment service fee
Web address.....	<ul style="list-style-type: none"> • www.007ka.com and www.nnk.com.hk 	<ul style="list-style-type: none"> • www.pay1pay.com
Service platform	<ul style="list-style-type: none"> • 007ka Top-up Platform operated by our Group 	<ul style="list-style-type: none"> • Pay1Pay Platform operated by Shenzhou Tongfu

After June 2012 and until September 2014, Shenzhen NNK was developing its offline channels to solicit new potential customers and expand the customer base of its business through its then subsidiary, Shenzhou Tongfu. Shenzhou Tongfu engaged certain offline channel partners to offer mobile top-up services, and provide certain supplementary services including, among others, traffic fines payment service and air-ticket booking service through cooperation with certain subsidiaries of Shenzhou Tonghao and other e-commerce platform operators and online service providers. Shenzhen NNK was responsible for the top-up requests solicited by the offline channel partners.

The gross transaction values of the mobile top-up services provided through the offline channel partners in the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015 were RMB5.7 million, RMB293.4 million, RMB2,748.1 million, RMB1,715.1 million and RMB2,620.5 million respectively, representing approximately 0.1%, 2.9%, 17.1%, 14.9% and 18.2% of the total gross transaction value of our company during the relevant period, respectively.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

In preparation for the Listing and to delineate the businesses carried out by Shenzhen NNK and Shenzhou Tongfu, we restructured business relationships among our Group, Shenzhou Tongfu and the offline channel partners, and entered into new agreements with the offline channel partners and Shenzhou Tongfu on October 1, 2014. After the entry into of such agreements:

- (a) all businesses carried on by Shenzhou Tongfu have been excluded from our Group and Shenzhou Tongfu has since not been engaged in the mobile top-up services operated by our Group;
- (b) Shenzhen NNK directly engages the offline channel partners;
- (c) Shenzhen NNK provides mobile top-up services to individual mobile users upon receiving the top-up requests from its offline channel partners. The mobile top-up requests submitted by the offline channel partners will be directly processed on our 007ka Top-up Platform without passing through the Pay1Pay Platform. Shenzhou Tongfu will neither receive nor retain any information in relation to the mobile top-up service requests submitted to us by the offline channel partners;
- (d) offline channel partners can arrange payments for mobile top-up requests to Shenzhen NNK through a number of online payment channels, including independent channels (such as Union Pay and electronic banking systems operated by PRC commercial banks) or Pay1Pay Platform. The online payment channels will charge Shenzhen NNK third party online payment handling fees;
- (e) if the offline channel partners choose to use Shenzhou Tongfu's online payment services as their third party payment solution, Shenzhou Tongfu would settle payments in relation to mobile top-up requests made by the offline channel partners with Shenzhen NNK. Shenzhou Tongfu would then charge Shenzhen NNK the agreed handling fee for the settlement of payment;
- (f) for online services unrelated to mobile top-up services, Shenzhou Tongfu will continue to engage the offline channel partners separately and independently; and
- (g) Shenzhen NNK and Shenzhou Tongfu will have their respective sales and marketing department manage their respective offline channel partners independently.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders and their respective close associates during the Track Record Period and will continue to operate independently.

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DEED OF NON-COMPETITION

We entered into the Deed of Non-Competition with Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua, Fun Charge Technology, Happy Charge Technology, Cool Charge Technology and Enjoy Charge Technology on September 23, 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 this prospectus that is carried on or contemplated to be carried on by any member of our 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.

Options for New Opportunities

Each of the Controlling Shareholders has undertaken in the Deed of Non-Competition that during the term of the Deed of Non-Competition, if a new business opportunity is made available to any Controlling Shareholder or its/his respective associates, such Controlling Shareholder will or will procure that its/his associates will notify us in writing and provide to us all information that is reasonably necessary for us to consider whether or not to pursue such business opportunity (the “Offer Notice”). Each Controlling Shareholder will procure that such opportunity is first offered to us on terms that are fair and reasonable. We are entitled to decide whether or not to take up such business opportunity within 30 business days from receiving the Offer Notice.

If we decide not to take up the new business opportunity for any reason or do not respond to the Controlling Shareholder and/or its/his respective affiliates (as the case maybe) within 30 business days from receiving the Offer Notice, such Controlling Shareholder or its/his affiliates may pursue such new business opportunity at their discretion, subject to compliance with the applicable requirements under the Listing Rules.

Our independent board committee will be responsible for reviewing, considering and deciding whether or not to take up a new business opportunity referred to us by the Controlling Shareholders and/or their affiliates. When we receive the Offer Notice from the Controlling Shareholders and/or its/his associates, we will inform the Directors (including the Independent Non-executive Directors) and members of our senior management team in writing immediately and the executive Directors together with other senior management members of our company will, within five business days of being informed of such business opportunity, present a written memorandum setting out an analysis of such business opportunity and their recommendation and proposals in respect of such business

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

opportunity to an independent board committee of our company, comprising only of the Independent Non-executive Directors who do not have a material interest in such business opportunity. The independent board committee of our company shall convene a meeting to consider such business opportunity and the recommendations and proposals presented by the executive Directors together with other senior management members of our company and to decide whether to pursue or decline such business opportunity.

Further Undertakings from Our Controlling Shareholders

Each of the Controlling Shareholders has further undertaken that:

- (i) it/he will use reasonable endeavours to provide, or to procure its/his associates to provide all information necessary for the annual review by our independent non-executive Directors and professional advisors of our company with regard to the compliance with and enforcement of the Deed of Non-Competition;
- (ii) it/he agrees that we disclose decisions on matters reviewed by our Independent Non-executive Directors related to the compliance with and enforcement of the Deed of Non-Competition in our annual report, or by way of announcement; and
- (iii) it/he will make an annual declaration to our company and our Independent Non-executive Directors annually regarding its compliance with the Deed of Non-Competition for us to disclose in our corporate governance report in our annual report.

The Deed of Non-Competition will become effective upon Listing and remain in full force and be terminated upon the earlier of (i) the date on which the Controlling Shareholders and its/his respective affiliates cease to be the Controlling Shareholder of our company within the meaning of the Listing Rules in force from time to time; or (ii) our Shares no longer being listed on the Stock Exchange.

CORPORATE GOVERNANCE MEASURES

Our company will adopt the following corporate governance measures to manage any potential conflicts of interest arising from competing business and to safeguard the interests of our Shareholders:

- (i) we will provide to our Independent Non-executive Directors the Offer Notice delivered to us by the Controlling Shareholders within seven days of receipt;
- (ii) our Directors consider that our Independent Non-executive Directors have sufficient experience in assessing whether or not to take up the new business opportunities or exercise our pre-emptive right. In any event, our Independent Non-executive Directors may appoint a financial advisor or professional expert to provide advice, at the cost of our company, in connection with the exercise or non-exercise of the option or pre-emptive right under the Deed of Non-Competition;

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- (iii) our Independent Non-executive Directors will review, on an annual basis, the compliance with the non-competition undertaking by the Controlling Shareholders under the Deed of Non-Competition;
- (iv) the Controlling Shareholders undertake to provide all information requested by our company which is necessary for the annual review by the Independent Non-executive Directors and professional advisors of our company with regard to the compliance with and enforcement of the undertakings contained in the Deed of Non-Competition;
- (v) our company will disclose decisions on matters reviewed by the Independent Non-executive Directors relating to the compliance with and the enforcement of the non-competition undertaking by the Controlling Shareholders under the Deed of Non-Competition in the annual reports of our company; and
- (vi) each of the Controlling Shareholders has undertaken to make an annual declaration on his/its compliance with the Deed of Non-Competition in our annual reports.

CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

Upon the Listing, the transactions disclosed in this section will constitute continuing connected transactions under the Listing Rules.

RELEVANT CONNECTED PERSONS

The table below sets forth the connected persons of our company who conduct or will conduct connected transactions with our company upon the Listing and the nature of their connection with our Group:

Name	Connected Relationship
Mr. Huang Junmou.....	Mr. Huang Junmou is our Director and a Controlling Shareholder, and is therefore our connected person pursuant to Rule 14A.07(1) of the Listing Rules
Fun Charge Technology.....	Fun Charge Technology is a company wholly owned by Mr. Huang Junmou, a substantial shareholder and a Controlling Shareholder, and is therefore our connected person pursuant to Rule 14A.07(1) of the Listing Rules
Mr. Yang Hua	Mr. Yang Hua is our Director and a Controlling Shareholder, and is therefore our connected person pursuant to Rule 14A.07(1) of the Listing Rules
Happy Charge Technology.....	Happy Charge Technology is a company wholly owned by Mr. Yang Hua, a substantial shareholder and a Controlling Shareholder, and is therefore our connected person pursuant to Rule 14A.07(1) of the Listing Rules
Mr. Li Xiangcheng.....	Mr. Li Xiangcheng is our Director and a Controlling Shareholder, and is therefore our connected person pursuant to Rule 14A.07(1) of the Listing Rules
Cool Charge Technology	Cool Charge Technology is a company wholly owned by Mr. Li Xiangcheng, a substantial shareholder and a Controlling Shareholder, and is therefore our connected person pursuant to Rule 14A.07(1) of the Listing Rules
Mr. Xu Xinhua.....	Mr. Xu Xinhua is our Director and a Controlling Shareholder, and is therefore our connected person pursuant to Rule 14A.07(1) of the Listing Rules
Enjoy Charge Technology	Enjoy Charge Technology is a Controlling Shareholder and a company wholly owned by Mr. Xu Xinhua, our Director, and is therefore our connected person pursuant to Rule 14A.07(4) of the Listing Rules

CONNECTED TRANSACTIONS

Name	Connected Relationship
Shenzhen NNK	Shenzhen NNK is owned as to 31.5% by Mr. Huang Junmou and is therefore our connected person pursuant to Rule 14A.07(4) of the Listing Rules
Mr. Huang Shaowu	Mr. Huang Shaowu is a substantial shareholder of our company and is therefore our connected person pursuant to Rule 14A.07(1) of the Listing Rules
Shenzhou Tongfu	Shenzhou Tongfu is owned as to 90.5% by Sinomaster Investment, a company controlled by Mr. Huang Shaowu, and is therefore our connected person pursuant to Rule 14A.07(4) of the Listing Rules

EXEMPT CONTINUING CONNECTED TRANSACTION

Following the Listing, the following transaction will be regarded as a continuing connected transaction of our Group and our connected persons which is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Service Agreement with Shenzhou Tongfu

Material terms

On October 1, 2014, Shenzhen NNK and Shenzhou Tongfu entered into a service agreement (the "Service Agreement") pursuant to which Shenzhou Tongfu agreed to provide to Shenzhen NNK third-party online payment and settlement services for the operation of Shenzhen NNK. The term of the Service Agreement is three years from October 1, 2014 to September 30, 2017.

During the term of the Service Agreement, Shenzhou Tongfu is responsible for providing and maintaining third-party online payment and settlement services to Shenzhen NNK for the operation of Shenzhen NNK, including mobile top-up services and data usage top-up services. Shenzhen NNK will pay to Shenzhou Tongfu a service fee equivalent to 0.01% of the gross transaction value on a monthly basis.

The Service Agreement may be renewed by Shenzhou Tongfu or Shenzhen NNK one month prior to the expiration of the term of the Service Agreement.

CONNECTED TRANSACTIONS

Service Fee payable by us to Shenzhou Tongfu

The aggregate service fee paid by Shenzhen NNK to Shenzhou Tongfu pursuant to the Service Agreement was approximately RMB110,000 and RMB262,000 for the three months ended December 31, 2014 and the nine months ended September 30, 2015, respectively (“Historical Service Fee”). We expect the service fees payable by Shenzhen NNK to Shenzhou Tongfu for the three years ending December 31, 2015, 2016 and 2017 will not exceed RMB500,000, RMB550,000 and RMB605,000, respectively, which were determined with reference to the annualized amount of the Historical Service Fee.

Implications under the Listing Rules

Shenzhen NNK is controlled by our Group through the Contractual Arrangements and accordingly, treated as an indirect subsidiary of our Group. As such, the transactions contemplated under the Service Agreement are considered connected transactions of our Group.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules are less than 5% and the total service fee expected to be payable by Shenzhen NNK to Shenzhou Tongfu is less than HK\$3 million on an annual basis, the Service Agreement is fully exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The service fee payable by Shenzhen NNK pursuant to the Service Agreement is in line with prevailing market rates or no less favorable to Shenzhen NNK than that available to Independent Third Parties. Our Directors (including the Independent Non-executive Directors) are of the view that the Service Agreement was entered into in the ordinary course of our business, on normal commercial terms, and is fair and reasonable and in the interests of the Shareholders as a whole.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below details of the continuing connected transactions for our Group, which are subject to the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Contractual Arrangements

As disclosed in the section headed “History, Reorganization and Corporate Structure — Contractual Arrangements” in this prospectus, our Principal Business is considered to be value-added telecommunications services, a sector where foreign investment is subject to significant restrictions under PRC laws and regulations. Accordingly, we, as foreign investors, cannot hold controlling interest in Shenzhen NNK, our PRC Operating Entity, which holds certain licenses and permits required for the operation of our Principal Business. As a result, our WFOE, Daily Charge Shenzhen, entered into the Contractual Arrangements with Shenzhen NNK, our PRC Operating Entity, and its shareholders 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, our PRC Operating Entity.

CONNECTED TRANSACTIONS

Pursuant to the Contractual Arrangements, Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders, as the case may be, entered into the following agreements: (i) the Management and Operation Agreement, (ii) the Exclusive Option Agreement, (iii) the Equity Pledge Agreement, (iv) the Exclusive Intellectual Property Purchase Option Agreement and (v) the Entrustment Agreement and the Powers of Attorney, the detailed terms of which are set out in the section headed “History, Reorganization and Corporate Structure — Contractual Arrangements” in this prospectus.

Listing Rules Implications

Shenzhen NNK is owned as to 31.5% by Huang Junmou, a Director, and hence an associate of Huang Junmou and a connected person of our Company under Rule 14A.07(4) of the Listing Rules. Accordingly, the transactions contemplated under the Contractual Arrangements are continuing connected transactions of our company under the Listing Rules upon Listing and are subject to reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Our Directors believe that our Group’s structure, whereby the financial results of our PRC Operating Entity are combined into our Group’s financial statements as if it were our Group’s wholly-owned subsidiaries, and all the economic benefits of its business flows to our Group, places our Group in a special position in relation to the connected transactions rules under the Listing Rules. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administration costs to our company if the transactions contemplated under the Contractual Arrangements are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and approval of independent shareholders requirements.

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

Application for Waiver

In view of the above, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver pursuant to Chapter 14A of the Listing Rules 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 our Shares are listed on the Stock Exchange subject to the following conditions:

CONNECTED TRANSACTIONS

(a) ***No change without Independent Non-executive Directors' approval***

No changes to the terms of any of the agreements underlying the Contractual Arrangements will be made without the approval of the Independent Non-executive Directors.

(b) ***No change without independent Shareholders' approval***

Save as described in paragraph (d) below, no change to the terms of any of the agreements underlying the Contractual Arrangements will be made without the approval of our independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our company (as set out in paragraph (e) below) will however continue to be applicable.

(c) ***Economic benefits flexibility***

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by our PRC Operating Entity through: (i) our Group's option (if and when so allowed under PRC law) to acquire the equity interests in our PRC Operating Entity; (ii) the business structure under which the revenue generated by our PRC Operating Entity is substantially retained by Daily Charge Shenzhen (such that no annual cap shall be set on the amount of services fees payable to Daily Charge Shenzhen under the Management and Operation Agreement); and (iii) Daily Charge Shenzhen's right to control the management and operation of, as well as, in substance, all of the voting rights of our PRC Operating Entity.

(d) ***Renewal and reproduction***

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between us and our subsidiaries in which we have direct shareholding, on one hand, and our PRC Operating Entity, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the shareholders, on substantially the same terms and conditions as described in the section headed "History, Reorganization and Corporate Structure — Contractual Arrangements" in this prospectus. The directors, chief executive or substantial shareholders (as defined in the Listing Rules) of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish when justified by business expediency will, upon renewal and/or reproduction of the Contractual Arrangements, however be treated as our Group's connected persons and transactions between these connected persons and our Group other than those under similar Contractual Arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to the relevant laws, regulations and approvals of the PRC.

CONNECTED TRANSACTIONS

(e) *Ongoing reporting and approvals*

Our Group will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:

- the Contractual Arrangements in place during each financial period will be disclosed in our annual report and accounts in accordance with the relevant provisions of the Listing Rules.
- our Independent Non-executive Directors will review the Contractual Arrangements annually and confirm in our annual report and accounts for the relevant year that: (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, have been operated so that the revenue generated by our PRC Operating Entity has been substantially retained by Daily Charge Shenzhen; (ii) no dividends or other distributions have been made by our PRC Operating Entity to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and (iii) any new contracts entered into, renewed or reproduced between our Group and our PRC Operating Entity during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of the Shareholders as a whole.
- our auditors will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by our PRC Operating Entity to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.
- for the purposes of Chapter 14A of the Listing Rules, and in particular the definition of “connected person”, our PRC Operating Entity will be treated as our wholly owned subsidiary, but at the same time, the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of our PRC Operating Entity and their respective associates will be treated as our “connected persons” (excluding our PRC Operating Entity for this purpose) and transactions between these connected persons and our Group, other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.
- our PRC Operating Entity will undertake that, for so long as the Shares are listed on the Stock Exchange, it will provide our Group’s management and our auditors with full access to its relevant records for the purpose of our company’s auditors’ review of the connected transactions.

CONFIRMATION FROM THE DIRECTORS

The Directors (including the Independent Non-executive Directors) are of the view that the continuing connected transactions disclosed in this prospectus have been entered into in the ordinary and usual course of business of our Group and on normal commercial terms, are fair and reasonable to our Shareholders as a whole, and that the annual cap for such transactions are fair and reasonable and in the interests of our company and our Shareholders as a whole.

CONNECTED TRANSACTIONS

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor has reviewed the relevant documents and information provided by our Group, has participated in the due diligence and discussions with our management and our PRC Legal Advisor and has obtained necessary representations and confirmations from our company and our Directors.

The Sole Sponsor is of the view that the Contractual Arrangements are fundamental to our Group's legal structure and business operations. With respect to the term of the Contractual Arrangements being of a duration longer than three years, the Sole Sponsor is of the view that it is a justifiable and normal business practice to ensure that (i) the financial and operational policies of our PRC Operating Entity can be effectively controlled by Daily Charge Shenzhen, (ii) Daily Charge Shenzhen can obtain the economic benefits derived from our PRC Operating Entity, and (iii) any possible leakages of assets and values of our PRC Operating Entity can be prevented, on an uninterrupted basis.

Further, the Sole Sponsor is of the view that the non-exempt continuing connected transactions described above, and for which waivers have been sought, have been entered into in the ordinary and usual course of business of our Group, on normal commercial terms, are fair and reasonable and in the interests of our company and our Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board consists of nine Directors including three Executive Directors, three Non-executive Directors and three Independent Non-executive Directors.

The following table sets forth information regarding our Directors and senior management:

Name	Age	Position	Appointment Date	Date of joining our Group	Responsibilities
<i>Executive Directors</i>					
Mr. Huang Junmou (黃俊謀)	48	Founder, executive Director and chairman of the Board	June 18, 2014	June 13, 2006	Overseeing our Group's overall strategic planning and overall management
Mr. Yang Hua (楊華) ...	43	Founder, executive Director, chief executive officer and president	June 18, 2014	June 13, 2006	Overseeing our Group's overall management, operations and business development
Mr. Luo Mingxing (羅明星)	45	Executive Director, chief financial officer and senior vice president	June 18, 2014	March 27, 2014	Overseeing our Group's accounting and financial management
<i>Non-executive Directors</i>					
Mr. Li Xiangcheng (李享成)	46	Non-executive Director	June 18, 2014	June 13, 2006	Overseeing the strategic development of our Group
Mr. Xu Xinhua (許新華)	67	Non-executive Director	June 18, 2014	June 22, 2009	Overseeing the strategic development of our Group
Mr. Yu Zida (喻子達) .	50	Non-executive Director	June 18, 2014	June 18, 2014	Overseeing the strategic development of our Group

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Appointment Date	Date of joining our Group	Responsibilities
<i>Independent Non-executive Directors</i>					
Mr. Lin Zhangxi (林漳希)	63	Independent Non-executive Director	November 25, 2014	November 25, 2014	Supervising and providing independent judgment to our Board
Mr. Qian Haomin (錢昊旻)	39	Independent Non-executive Director	November 25, 2014	November 25, 2014	Supervising and providing independent judgment to our Board
Ms. Zhao Jinlin (趙晉琳)	46	Independent Non-executive Director	November 25, 2014	November 25, 2014	Supervising and providing independent judgment to our Board
<i>Senior Management</i>					
Mr. Lu Yajun (盧亞軍)	33	Vice president	October 27, 2015	November 14, 2014	Managing the marketing initiatives of our Group
Mr. Chen Xiuwei (陳修偉)	29	Chief technology officer and vice president	April 30, 2014 ⁽¹⁾	August 19, 2013	Managing the research and development function of our Group

Note:

(1) The appointment date is in relation to his position(s) within our Group.

DIRECTORS

Executive Directors

Mr. Huang Junmou (黃俊謀), aged 48, is our chairman and has been an executive Director since June 18, 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 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

DIRECTORS AND SENIOR MANAGEMENT

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. Huang graduated from Jieyang Lantian Middle School* (揭陽市藍田中學) (formerly Jieyang Xin Heng Middle School* (揭陽縣新亨中學)) in 1985.

Mr. Yang Hua (楊華), aged 43, has been an executive Director and the chief executive officer of our company since June 18, 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 45, has been an executive Director of our company since June 18, 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.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Directors

Mr. Li Xiangcheng (李享成), aged 46, has been a non-executive Director since June 18, 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 67, has been a non-executive Director of our company since June 18, 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 49, has been a Director of our company since June 18, 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.

DIRECTORS AND SENIOR MANAGEMENT

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 63, was appointed to our Board as an independent non-executive Director on November 25, 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) from October 1995 to October 1997. 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 November 25, 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

DIRECTORS AND SENIOR MANAGEMENT

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 46, was appointed to our Board as an independent non-executive Director on November 25, 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).

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

Mr. Yang Hua (楊華), aged 43, is our chief executive officer and president. For details of his biography, please refer to the above sub-section headed “Directors” in this section.

Mr. Luo Mingxing (羅明星), aged 45, is our chief financial officer and senior vice president. For details of his biography, please refer to the above sub-section headed “Directors” in this section.

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.

DIRECTORS AND SENIOR MANAGEMENT

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 29, is the chief technology officer and vice president of our Group since April 2014. He 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.

None of our Directors and senior management has been involved in any of the events described under Rule 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed herein, no Directors or members of the senior management held any directorship positions in any other listed companies within the three years immediately preceding the date of this prospectus.

JOINT COMPANY SECRETARIES

Ms. Ouyang Jiejiao and Ms. Wong Wai Ling are our joint company secretaries.

Ms. Ouyang Jiejiao (歐陽戒驕), aged 42, is the investor relations manager of our Group and is responsible for investor communications in our Group. Ms. Ouyang joined our Group in November 2014 and was appointed as our joint company secretary on April 15, 2015. 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) (formerly known as Xiang Tan Normal University 湘潭師範學院) 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.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Wong Wai Ling (黃慧玲), aged 35, was appointed as our joint company secretary with effect from November 18, 2015. She has over 12 years of experience in providing company secretarial services in Hong Kong. Ms. Wong is an assistant vice president of SW Corporate Services Group Limited and is responsible for assisting listed companies in company secretarial work. She has been a joint company secretary of Inner Mongolia Yitai Coal Co., Ltd. (Stock Code: 3948) since September 2015, the company secretary of Global International Credit Group Limited (Stock Code: 1669) since July 2014, a joint company secretary of Shanghai La Chapelle Fashion Co., Ltd. (Stock code: 6116) since December 2013, a joint company secretary of Fu Shou Yuan International Group Limited (Stock Code: 1448) since December 2013 and the company secretary of Hengxing Gold Holding Company Limited (Stock Code: 2303) since October 2013. Prior to joining SW Corporate Services Group Limited, she worked in a corporate service provider and the company secretarial department of an international accounting firm.

Ms. Wong obtained a bachelor's degree in marketing and public relations from the Hong Kong Polytechnic University and a master's degree in corporate governance from the Open University of Hong Kong. Ms. Wong is an associate of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

BOARD COMMITTEES

Audit Committee

Our audit committee consists of three Independent Non-executive Directors, being Ms. Zhao Jinlin, Mr. Qian Haomin and Mr. Lin Zhangxi. Ms. Zhao Jinlin has been appointed as the chairwoman of the Audit Committee, and is our Independent Non-executive Director with the appropriate professional qualifications. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process and select external auditors and assess their independence and qualifications.

Nomination Committee

Our 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 primary duties of the nomination committee are, among other things, to make recommendations to our Board on the appointment and removal of Directors of our company and evaluate the structure and composition of the Board.

Remuneration Committee

Our remuneration committee consists of two Independent Non-executive Directors, being Ms. Zhao Jinlin and Mr. Lin Zhangxi, and one executive Director, being Mr. Huang Junmou. Mr. Lin Zhangxi, our Independent Non-executive Director, has been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee are, among other things, to establish and review the remuneration policy and structure of the Directors and senior management and make recommendations on employee benefit arrangements.

DIRECTORS AND SENIOR MANAGEMENT

MANAGEMENT PRESENCE

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to sufficient management presence in Hong Kong. For details of the waiver, please see the section headed “Waivers from Strict Compliance with the Listing Rules — Management Presence in Hong Kong”.

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance in management and internal procedures to promote and ensure accountability. We will comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

COMPLIANCE ADVISOR

We have appointed Quam Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise us in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the Group’s business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry of our company regarding unusual movements in the price or trading volume of the Shares of our company.

The term of appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive remuneration from our Group in the form of fees, salaries, bonuses and other allowances, and retirement benefit scheme contributions.

For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, the aggregate amount of remuneration, including fees, salaries, bonuses and other allowances, and retirement benefit scheme contributions, paid to our Directors by us was

DIRECTORS AND SENIOR MANAGEMENT

approximately RMB1.2 million, RMB2.1 million, RMB2.5 million and RMB2.7 million, respectively. Save as disclosed in this prospectus, no other amounts have been paid or are payable by any member of our Group to our Directors for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015.

For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, the aggregate amount of remuneration, including fees, salaries, bonuses and other allowances, and retirement benefit scheme contributions, paid by our company to the five highest paid individuals (excluding our Directors) was approximately RMB0.7 million, RMB0.5 million, RMB0.5 million and RMB0.9 million, respectively.

We did not pay any remuneration to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as compensation for loss of office in respect of the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015. Further, none of our Directors have waived any remuneration during the same period.

Pursuant to the arrangements currently in force as of the date of this prospectus, we estimate the aggregate remuneration (including benefits in kind but excluding discretionary bonuses) payable to our Directors by our company for the year ending December 31, 2015 will be approximately HK\$4,162,000.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

EMPLOYEE INCENTIVE SCHEMES

Our company has adopted the Share Option Scheme. The purpose of the Share Option Scheme is to reward the participants defined under the Share Option Scheme for their past contribution to the success of our Group and to provide incentives to them to further contribute to our Group. For details, please refer to the section headed “Statutory and General Information — F. Share Option Scheme.”

SUBSTANTIAL SHAREHOLDERS

Immediately following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme), the following persons will have an interest or short position in Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our company or any other member of our Group:

Substantial Shareholder	Name of Company	Capacity/Nature of interest	Number of Shares interested as at the date of this prospectus	Approximate percentage of shareholding in our company as at the date of this prospectus	Number of Shares interested immediately following the completion of the Global Offering	Approximate percentage of shareholding in our company immediately following the completion of the Global Offering
Huang Junmou ⁽¹⁾ ..	Our company	Interest in a controlled corporation	1,575,000	31.5%	94,500,000	23.6%
Fun Charge Technology	Our company	Beneficial owner	1,575,000	31.5%	94,500,000	23.6%
Yang Hua ⁽²⁾	Our company	Interest in a controlled corporation	1,050,000	21.0%	63,000,000	15.8%
Happy Charge Technology	Our company	Beneficial owner	1,050,000	21.0%	63,000,000	15.8%
Li Xiangcheng ⁽³⁾ ..	Our company	Interest in a controlled corporation	935,000	18.7%	56,100,000	14.0%
Cool Charge Technology	Our company	Beneficial owner	935,000	18.7%	56,100,000	14.0%
Xu Xinhua ⁽⁴⁾	Our company	Interest in a controlled corporation	440,000	8.8%	26,400,000	6.6%
Enjoy Charge Technology	Our company	Beneficial owner	440,000	8.8%	26,400,000	6.6%
Huang Shaowu ⁽⁵⁾ ..	Our company	Interest in a controlled corporation	1,000,000	20.0%	60,000,000	15.0%
China Charge Technology	Our company	Beneficial owner	1,000,000	20.0%	60,000,000	15.0%

Notes:

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

SUBSTANTIAL SHAREHOLDERS

- (2) Yang Hua beneficially owns 100% of the share capital of Happy Charge Technology. By virtue of the SFO, Yang Hua is deemed to be interested in 63,000,000 Shares held by Happy Charge Technology immediately following the completion of the Global Offering.
- (3) Li Xiangcheng beneficially owns 100% of the share capital of Cool Charge Technology. By virtue of the SFO, Li Xiangcheng is deemed to be interested in 56,100,000 Shares held by Cool Charge Technology immediately following the completion of the Global Offering.
- (4) Xu Xinhua beneficially owns 100% of the share capital of Enjoy Charge Technology. By virtue of the SFO, Xu Xinhua is deemed to be interested in 26,400,000 Shares held by Enjoy Charge Technology immediately following the completion of the Global Offering.
- (5) Huang Shaowu beneficially owns 100% of the share capital of China Charge Technology. By virtue of the SFO, Huang Shaowu is deemed to be interested in 60,000,000 Shares held by China Charge Technology immediately following the completion of the Global Offering.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the Global Offering, have an interest or short position in Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our company or any other member of our Group.

SHARE CAPITAL

The authorized and issued share capital of our company are as follows:

Authorized share capital:

	Nominal value
2,000,000,000 Shares	US\$20,000,000

Issued and to be issued, fully paid or credited as fully paid upon completion of the Global Offering:

Assuming the Over-allotment Option is not exercised, and without taking into account any Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme, our issued share capital immediately following the Global Offering will be as follows:

	Nominal value	Approximate percentage of issued share capital
<i>(Shares)</i>	<i>(US\$)</i>	<i>(%)</i>
5,000,000 Shares in issue as of the date of this prospectus	50,000	1.25%
295,000,000 Shares to be issued under the Capitalization Issue	2,950,000	73.75%
<u>100,000,000</u> Shares to be issued under the Global Offering	<u>1,000,000</u>	<u>25.00%</u>
<u>400,000,000</u> Total	<u>4,000,000</u>	<u>100.00%</u>

Assuming the Over-allotment Option is exercised in full, and without taking into account any Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme, our issued share capital immediately following the Global Offering will be as follows:

	Nominal value	Approximate percentage of issued share capital
<i>(Shares)</i>	<i>(US\$)</i>	<i>(%)</i>
5,000,000 Shares in issue as of the date of this prospectus	50,000	1.20%
295,000,000 Shares to be issued under the Capitalization Issue	2,950,000	71.09%
115,000,000 Shares to be issued under the Global Offering and upon exercise of the Over-allotment Option in full	1,150,000	27.71%
<u>415,000,000</u> Total	<u>4,150,000</u>	<u>100.00%</u>

SHARE CAPITAL

Ranking

The Offer Shares are ordinary shares in the share capital of our company and will rank equally in all respects with all Shares in issue or to be issued as set out in the above table, and will qualify and rank in full for all dividends or other distributions declared, made or paid by our company following the completion of the Capitalization Issue and the Global Offering.

Share Option Scheme

Subject to the Global Offering becoming unconditional, our company has approved and adopted the Share Option Scheme. For detailed information of the Share Option Scheme, please refer to the sub-section headed “Statutory and General Information — F. Share Option Scheme”.

General mandate to issue Shares

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

- (a) 20% of the aggregate nominal value of the share capital of our company in issue immediately following completion of the Global Offering (excluding any Shares which may be issued pursuant to the Over-allotment Option); and
- (b) the aggregate nominal value of share capital of our company repurchased by our company (if any) under the general mandate to repurchase Shares referred to below.

This mandate will expire at the earliest of:

- (c) the conclusion of our company’s next annual general meeting; or
- (d) the expiration of the period within which our company is required by law or the Articles of Association to hold its next annual general meeting; or
- (e) when varied, revoked or renewed by an ordinary resolution of our Shareholders in a general meeting.

General mandate to repurchase Shares

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our company to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal amount of the share capital of our company in issue or to be issued immediately following completion of the Global Offering (excluding any Shares which may be issued upon the exercise of the Over-allotment Option).

SHARE CAPITAL

This mandate only relates to repurchases made on the Stock Exchange, or any other approved stock exchange(s) on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/or requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the appendix headed “Statutory and General Information — A. Further Information About Our Group — Repurchase of our Shares and restrictions on Share repurchases” to this prospectus.

This mandate will expire at the earliest of:

- (a) the conclusion of our company’s next annual general meeting; or
- (b) the expiration of the period within which our company is required by law or the Articles of Association to hold its next annual general meeting; or
- (c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in a general meeting.

For further details of this repurchase mandate, please refer to the appendix headed “Statutory and General Information — A. Further Information About Our Group — Repurchase of our Shares and restrictions on Share repurchases” to this prospectus.

Circumstances Under Which General Meeting And Class Meeting Are Required

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and Articles of Association, our company may from time to time by ordinary resolution of Shareholders (i) increase its share capital; (ii) consolidate and divide its share capital into shares of larger amount; (iii) subdivide its shares into shares of smaller amount; and (iv) cancel any shares which have not been taken. In addition, our company may, subject to the provisions of the Cayman Companies Law, reduce its share capital or capital redemption reserve by special resolution of Shareholders. For details, see the sub-section headed “Summary of the Constitution of our Company and Cayman Companies Law — 2. Articles of Association — e. Alteration of capital” in Appendix III to this prospectus.

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and Articles of Association, all or any of the special rights attached to any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For details, see the sub-section headed “Summary of the Constitution of our Company and Cayman Companies Law — 2. Articles of Association — d. Variation of rights of existing shares or classes of shares” in Appendix III to this prospectus.

FINANCIAL INFORMATION

You should read the following information in conjunction with our audited consolidated financial statements, included in the Accountants' Report in Appendix I to this prospectus, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with HKFRSs. The following discussion and analysis and other parts of this prospectus contains certain forward-looking statements that involve risks and uncertainties. You should read the entire Accountants' Report set out in Appendix I to this prospectus and not rely merely on the information contained in this section. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" in this prospectus.

For the purpose of this section, reference to "2012", "2013" and "2014" refer to our financial year end December 31 of such year, unless the context otherwise requires.

OVERVIEW

We are a leading specialized online transaction service provider in the mobile top-up service industry in China, according to CCID. In 2006, we became 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 primarily engage in providing mobile top-up services to mobile users through electronic banking systems of PRC banks. We are the largest provider of mobile top-up services through electronic banking systems in China in terms of transaction volume, with a market share of 61.5% in 2014, according to CCID. As of the Latest Practicable Date, we provided our services through the electronic banking systems of 45 PRC banks, including the Five Largest State-owned Commercial Banks and ten of the 12 Nation-wide Joint Stock Commercial Banks. In January 2015, we launched data usage top-up services. We are the first specialized data usage top-up service provider in China through electronic banking systems with services covering nation-wide networks operated by the three PRC telecommunication operators.

In 2012, 2013 and 2014, our 007ka Top-up Platform processed approximately 73 million, 127 million and 202 million mobile top-up requests, respectively, representing a CAGR of approximately 66.3%, with gross transaction values of approximately RMB5,708.4 million, RMB9,981.5 million and RMB16,110.3 million, respectively, representing a CAGR of approximately 68.0%. For the nine months ended September 30, 2015, our 007ka Top-up Platform processed approximately 170.4 million mobile top-up requests, representing a 17.1% increase from approximately 145.5 million mobile top-up requests for the nine months ended September 30, 2014. The gross transaction value with mobile users for the nine months ended September 30, 2015 amounted to approximately RMB14,377.9 million, representing a 25.3% increase from approximately RMB11,477.1 million for the nine months ended September 30, 2014.

During the Track Record Period, we derived revenue primarily from providing mobile top-up services to mobile users. In 2012, 2013 and 2014, revenue from mobile top-up services amounted to approximately RMB87.4 million, RMB136.7 million and RMB223.6 million, respectively, representing a CAGR of approximately 59.9%. Our revenue from mobile top-up services increased by approximately 13.0% to approximately RMB182.8 million for the nine months ended September 30, 2015, including approximately RMB914,000 from data usage top-up services, from approximately RMB161.8 million for the same period in 2014.

FINANCIAL INFORMATION

BASIS OF PRESENTATION

Our company was incorporated in the Cayman Islands on June 18, 2014, as an exempted company with limited liability under the Cayman Companies Law, in preparation for the Listing of our Shares on the Main Board of the Stock Exchange. We are principally engaged in providing mobile top-up services to mobile users in the PRC.

Prior to the incorporation of our company and completion of the Reorganization, our mobile top-up services were carried out by Shenzhen NNK, which was under the control of our Controlling Shareholders. Foreign investment in mobile top-up services and data usage top-up services is restricted in the PRC pursuant to applicable PRC laws and regulations. As a result of the Reorganization, Shenzhen NNK is under the effective control of Daily Charge Shenzhen, and ultimately, of our company, through the Contractual Arrangements. We do not have any equity interest in Shenzhen NNK. However, as a result of the Contractual Arrangements, we are considered to have control over the operation of Shenzhen NNK and are entitled to all its economic benefits. As a result, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of our Group as if our group structure had existed throughout the Track Record Period, or since their respective dates of establishment/incorporation, where there is a shorter period. The consolidated statements of financial position as of December 31, 2012, 2013, 2014 and September 30, 2015 include the assets and liabilities of our Group as if our group structure had existed on those dates. For details of the Reorganization and the Contractual Arrangements, please see the section headed “History, Reorganization and Corporate Structure” in this prospectus.

Prior to and after the Reorganization, Shenzhou Tongfu engaged in the third-party online payment business, in which foreign investment is prohibited in practice according to our PRC Legal Advisor. Shenzhou Tongfu was disposed of to Sinomaster Investment and our Controlling Shareholders on November 26, 2014. For details of the disposal, please see the section headed “History, Reorganization and Corporate Structure” in this prospectus.

The Accountants’ Report set out in Appendix I to this prospectus has been prepared in accordance with the HKFRSs, the applicable disclosure requirements of the Companies Ordinance and applicable disclosure requirements of the Listing Rules.

CRITICAL ACCOUNTING POLICIES

Our financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants. The significant accounting policies are set out in note 4 to the Accountants’ Report contained in Appendix I to this prospectus. Some of our accounting policies involve subjective assumptions, estimates and judgments related to assets, liabilities, income, expenses and other accounting items, which are discussed in note 5 to the Accountants’ Report in Appendix I to this prospectus. Our estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. We believe the following accounting policies, estimates and judgments are most critical to the preparation of our financial information.

FINANCIAL INFORMATION

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 users, net of cost of mobile top-up credits sourced from the PRC telecommunication operators, their distributors and other channels. Mobile top-up service income is recognized when the PRC telecommunication operators completed the mobile top-up service for the mobile users.

Service income is recognized when the service is rendered.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to us 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.

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/period. Taxable profit differs from profit before tax as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Our 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 recognized on temporary differences between the carrying amounts of assets and liabilities in our financial information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investment in a subsidiary except where we are 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 recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

FINANCIAL INFORMATION

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 realized, 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 we expect, at the end of the reporting period, to recover or settle the carrying amount of our assets and liabilities.

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

Impairment of tangible assets

At the end of each reporting period, we review the carrying amounts of our 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).

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 recognized 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 recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

FINANCIAL INFORMATION

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: (i) significant financial difficulty of the issuer or counterparty; (ii) breach of contract, such as default or delinquency in interest or principal payments; or (iii) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

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 our 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 recognized 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 losses was recognized, the previously recognized 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 amortized cost would have been had the impairment not been recognized.

CRITICAL ACCOUNTING JUDGMENTS

Our Directors have made the following critical judgments in the process of applying our accounting policies which have the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue recognition

We assess our business relationships with users of mobile top-up services and suppliers of mobile top-up credits and determine that we are providing the mobile top-up services by facilitating transactions between the PRC telecommunication operators and mobile users, and accordingly reports revenue derived from such services on a net basis.

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In determining whether the revenue from mobile top-up services shall be recorded on net basis or gross basis, we have made reference to indicators and requirements stated in HKAS 18. Determining whether we are acting as a principal or an agent requires judgment and consideration of all relevant facts and circumstances, and we consider ourselves having an agency relationship with the PRC telecommunication operators under HKAS 18 since it is the primary responsibility of the PRC telecommunication operators for processing the mobile top-up associated with the mobile top-up credits provided to the mobile users and we have minimal inventory risk and credit risk. Please refer to note 5 to the Accountants' Report in Appendix I to this prospectus for further details.

KEY FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our business, financial condition and results of operations have been and will continue to be subject to general conditions affecting the mobile top-up service industry in China. These conditions, among others, include the stability and growth of China's economy, mobile and Internet industries and their increasing penetration rates in China. In addition, our business, financial condition and results of operations are affected by a number of other factors including those set forth in the section headed "Risk Factors" in this prospectus and the following:

Development of the PRC mobile top-up service industry

Our business depends on the development of the PRC mobile top-up service industry. The mobile top-up service industry has grown rapidly in China in recent years. We expect that the mobile top-up market will continue to grow in the foreseeable future, primarily driven by such factors as the increasing number of mobile users for mobile data services, conducive regulatory environment introduction of mobile virtual network operators and enhancement of mobile phone functions and the monetization of the mobile phone market. For details, see "Industry Overview — The PRC Mobile Top-up Market — Key Growth Drivers for the PRC Mobile Top-up Market" in this prospectus. We anticipate that an increasing number of mobile users will use online mobile top-up channels, including electronic banking systems of PRC banks. We believe that our business and results of operations will benefit from the continual growth of the PRC mobile top-up service industry, including the foreseeable growth of the mobile data top-up market. However, the development of the PRC mobile top-up service industry may slow down due to a number of factors, including the introduction of innovative Internet communication tools and policies of the PRC telecommunication operators. As we derive substantially all of our revenue from our mobile top-up services, such slowdown will negatively affect our business and future growth.

Business relationships with PRC banks

We provide our mobile top-up services primarily through electronic banking systems operated by PRC banks. We grant each of the banks access to our 007ka Top-up Platform, enabling the banks to relay mobile top-up requests they receive from their customers to us. The banks charged us commission fees, generally ranging from 0.30% to 0.85% of the transaction value of each mobile top-up transaction we processed during the Track Record Period. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, the gross transaction values attributable to mobile top-up services we provided through electronic banking systems of the

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PRC banks amounted to approximately RMB5,145.1 million, RMB9,278.8 million, RMB12,923.3 million, RMB9,453.6 million and RMB10,913.1 million, representing approximately 90.1%, 93.0%, 80.2%, 82.4% and 75.9% of our total transaction values with mobile users, respectively. In addition, changes in the rate of commission fees charged by the PRC banks have significant impact on our cost of revenue and gross profit margin. Our ability to maintain and enhance our business relationships with the PRC banks and our ability to expand our bank network could significantly affect our business and results of operations.

Competition

We face competition from other mobile top-up service providers in China. We generally compete on reputation and brand recognition and our ability to provide high-quality top-up services on a secured and stable platform. We expect that competition in China's mobile top-up market continue to intensify in the future as a result of growing penetration of mobile usage and technological innovation. Our ability to effectively compete with other market players will have significant impact on our growth and results of operations.

Cost of mobile top-up credits

Our results of operations depend to a large extent on the cost of mobile top-up credits we primarily source from the PRC telecommunication operators and their distributors, from whom we receive a discount to the face value of the mobile top-up cards. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, our cost of sourcing mobile top-up credits from the PRC telecommunication operators and their distributors accounted for approximately 95.6%, 97.4%, 97.8%, 98.5% and 95.7% of our total sourcing cost, respectively. The discounts offered to us by the PRC telecommunication operators generally ranged from approximately 1.0% to 2.5% during the Track Record Period. The distributors of the PRC telecommunication operators usually offer us discounts ranging from 0.7% to 3.5%. Fluctuations in the discount rates offered to us by PRC telecommunication operators and their distributors may significantly affect our results of operations.

Top-up services of the PRC telecommunication operators

The PRC telecommunication operators offer various top-up services directly to mobile users through various channels, such as autopay arrangements with banks, payments at their branches and payments through their self-service terminals. They also engage third-party distributors, such as convenient stores, newsstands and agency branches, to distribute mobile top-up cards and to provide mobile top-up services to mobile users. In recent years, the PRC telecommunication operators have been expanding their online top-up channels. However, the PRC telecommunication operators face various challenges in developing their own top-up channels, including increased operating cost, low operating efficiency and low profit margin. Please refer to "Industry Overview — The PRC Mobile Top-up Market — Key challenges to the PRC mobile top-up market" for further details. If the PRC telecommunication operators decide to expand and enhance their mobile top-up services or cooperate with PRC banks or third-party distributors directly, our results of operations may be materially and adversely affected.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for the periods indicated.

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(RMB in thousands)				
Continuing operation					
Revenue	87,408	136,711	223,553	161,840	182,820
Less: Tax surcharge	(1,763)	(2,601)	(5,143)	(3,978)	(3,802)
Cost of revenue.....	(36,925)	(63,957)	(105,901)	(78,192)	(85,879)
Gross profit	48,720	70,153	112,509	79,670	93,139
Other income and expenses	1,526	2,997	2,598	1,773	7,668
Distribution and selling expenses	(2,879)	(4,447)	(5,664)	(3,787)	(5,234)
Administrative expenses.....	(11,696)	(19,398)	(21,839)	(17,740)	(17,717)
Listing expenses	—	—	(7,287)	(5,228)	(13,742)
Research and development expenses.....	(4,239)	(5,692)	(8,739)	(6,024)	(10,288)
Finance costs	(5,845)	(9,401)	(12,134)	(9,195)	(10,123)
Profit before tax	25,587	34,212	59,444	39,469	43,703
Income tax expense.....	(1,026)	(3,973)	(4,941)	(5,292)	(7,225)
Profit for the year/period from continuing operation	24,561	30,239	54,503	34,177	36,478
Profit (loss) for the year/period from continuing operation attributable to					
- owners of our company	24,565	30,257	54,520	34,194	36,478
- non-controlling interests.....	(4)	(18)	(17)	(17)	—
	24,561	30,239	54,503	34,177	36,478

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	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(RMB in thousands)				
Discontinued operation*					
Loss for the year/period from discontinued operation attributable to owners of our company	(3,319)	(10,381)	(26,065)	(20,072)	—
Profit and total comprehensive income for the year/period.....	<u>21,242</u>	<u>19,858</u>	<u>28,438</u>	<u>14,105</u>	<u>36,478</u>
Profit and total comprehensive income attributable to owners of our company					
- from continuing operation	24,565	30,257	54,520	34,194	36,478
- from discontinued operation	(3,319)	(10,381)	(26,065)	(20,072)	—
	<u>21,246</u>	<u>19,876</u>	<u>28,455</u>	<u>14,122</u>	<u>36,478</u>
Loss and total comprehensive expenses attributable to non-controlling interests					
- from continuing operation	(4)	(18)	(17)	(17)	—
	<u>21,242</u>	<u>19,858</u>	<u>28,438</u>	<u>14,105</u>	<u>36,478</u>
Earnings per share-basic					
From continuing and discontinued operations (RMB)	<u>0.07</u>	<u>0.07</u>	<u>0.10</u>	<u>0.05</u>	<u>0.12</u>
From continuing operation (RMB)	<u>0.08</u>	<u>0.10</u>	<u>0.18</u>	<u>0.11</u>	<u>0.12</u>

* Discontinued operation consisted of third-party online payment services provided by Shenzhou Tongfu. See note 13 to the Accountants' Report included as Appendix I to this prospectus.

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PRINCIPAL INCOME STATEMENT COMPONENTS

Revenue

We derive our revenue primarily from providing mobile top-up services to mobile users. No geographical information is presented as our revenue and assets are principally derived from customers in the PRC and located in the PRC. The following table sets forth our revenue by operating segment for the periods indicated.

	Year ended December 31,						Nine months ended September 30,			
	2012		2013		2014		2014		2015	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%	Revenue	%
	(unaudited)									
	(RMB in thousands, except percentages)									
Continuing operation										
Mobile top-up business.	87,408	100.0	136,711	98.2	223,553	99.4	161,840	99.2	182,820	100.0
Discontinued operation										
Online payment business.....	5	0.0	2,556	1.8	1,465	0.6	1,374	0.8	—	—
Less: Elimination.....	—		—		(61)		(46)		—	—
Total	87,413	100.0	139,267	100.0	224,957	100.0	163,168	100.0	182,820	100.0

Revenue from our continuing operation represents the net service income received and receivable from the provision of the mobile top-up service to our customers. Revenue from our discontinued operation represents net service income received and receivable from the provision of online payment services. See note 13 to the Accountants' Report included as Appendix I to this prospectus.

The provision of mobile top-up services is premised on the operation of our self-developed 007ka Top-up Platform, through which we process mobile top-up requests from mobile users. Mobile users can make requests for mobile top-up services through various channels. During the Track Record Period, we generally did not offer any discount to our customers to the face value of mobile top-up cards.

We primarily offer mobile top-up services through (i) electronic banking systems of PRC banks; and (ii) offline channels, including convenience stores, mobile phone stores and other chains of retailers. We also offer mobile top-up services through other channels, primarily including third-party online platforms, our self-operated websites and our Wechat public account.

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The table below sets forth a breakdown of our gross transaction value by channel for the periods indicated.

	Year Ended December 31,						Nine months ended September 30,			
	2012		2013		2014		2014		2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except percentages)										
Electronic banking systems										
of PRC banks	5,145.1	90.1	9,278.8	93.0	12,923.3	80.2	9,453.6	82.4	10,913.1	75.9
Offline channels.....	5.7	0.1	293.4	2.9	2,748.1	17.1	1,715.1	14.9	2,620.5	18.2
Others*	557.6	9.8	409.3	4.1	438.9	2.7	308.4	2.7	844.3	5.9
Total	5,708.4	100.0	9,981.5	100.0	16,110.3	100.0	11,477.1	100.0	14,377.9	100.0

* Primarily include third-party online platforms, our self-operated website and our Wechat public account.

We provide mobile top-up services with mobile top-up credits we primarily source from the PRC telecommunication operators and their distributors. The PRC telecommunication operators and their distributors typically offer discounts to the face value of mobile top-up credits. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, we were granted an average discount of approximately 1.5%, 1.4%, 1.4%, 1.4% and 1.3%, respectively, to the face value of the mobile top-up credits. Tax surcharge mainly represents business tax and value-added tax.

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The following table sets forth the relevant details of the gross transaction value with the mobile users and the PRC telecommunication operators, their distributors and other channels during the Track Record Period:

	Year ended December 31,			Nine months ended	
	September 30,				
	2012	2013	2014	2014	2015
Gross transaction value with mobile users					
Total gross transaction value					
(RMB in millions).....	5,708	9,982	16,110	11,477	14,378
Total number of transactions (in thousands)..	72,542	126,630	201,964	145,547	170,397
Average daily transaction value					
(RMB in thousands)	15,639	27,347	44,138	42,041	52,666
Average gross transaction value per transaction (Total gross transaction value/Total number of transactions)					
(RMB).....	79	79	80	79	84
Gross transaction value with PRC telecommunication operators, their distributors and other channels					
Total gross transaction value					
(RMB in millions).....	5,621	9,845	15,887	11,315	14,195
Total face value (RMB in thousands).....	5,708	9,982	16,110	11,477	14,378
Average discount received from PRC telecommunication operators, their distributors and other channels	1.5%	1.4%	1.4%	1.4%	1.3%

Cost of revenue

Cost of revenue comprises transaction costs, primarily including commission fees and interface maintenance fees. Commission fees primarily represent fees charged by PRC banks for handling mobile top-up service requests via their electronic banking systems and fees charged by mobile top-up offline channels for relaying the mobile top-up requests they received from mobile users to us. During the Track Record Period, the rate for commission fees charged by the PRC banks generally ranged from approximately 0.30% to approximately 0.85% of the transaction value of each mobile top-up transaction we processed. Interface maintenance fees represent fees charged by network providers for facilitating online mobile top-up services provided by us. We recorded cost of revenue of approximately RMB36.9 million, RMB64.0 million, RMB105.9 million, RMB78.2 million and RMB85.9 million for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, respectively.

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The following table sets forth a breakdown of the components of our cost of revenue during the Track Record Period:

	Year ended December 31,						Nine months ended September 30,			
	2012		2013		2014		2014		2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(unaudited)										
(RMB in thousands, except percentages)										
Commission fees.....	34,474	93.4	59,973	93.8	101,588	95.9	75,093	96.0	82,443	96.0
Interface maintenance fees.....	2,451	6.6	3,984	6.2	4,313	4.1	3,099	4.0	3,436	4.0
Total	<u>36,925</u>	<u>100.0</u>	<u>63,957</u>	<u>100.0</u>	<u>105,901</u>	<u>100.0</u>	<u>78,192</u>	<u>100.0</u>	<u>85,879</u>	<u>100.0</u>

Gross profit

As a result, our gross profit was approximately RMB48.7 million, RMB70.2 million, RMB112.5 million, RMB79.7 million and RMB93.1 million for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, respectively.

Set out in the table below is a summary of the reconciliation of the average transaction value per RMB100 transaction to the corresponding average gross profit retained by our Group during the Track Record Period:

	Year ended December 31,					Nine months ended ended September 30,		Key counter party
	2012	2013	2014	2014	2015			
	(RMB)							
<i>(approximate)</i>								
Face value of mobile top-up service request	100	100	100	100	100	Mobile users		
Average transaction value receivable from mobile top-up services	100	100	100	100	100	Mobile users		
Less: Average transaction value payable to PRC telecommunication operators, their distributors and other suppliers .	98.47	98.63	98.61	98.59	98.73	PRC telecommunication operators, their distributors and other suppliers		
Average revenue retained by our Group .	1.53	1.37	1.39	1.41	1.27			

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	Year ended December 31,					Nine months ended September 30,	Key counter party
	2012	2013	2014	2014	2015		
	(RMB)						
	<i>(approximate)</i>						
Percentage of total gross transaction							
value by channels (%)	100.00	100.00	100.00	100.00	100.00		
- Electronic banking systems of PRC							
banks	90.13	92.96	80.22	82.37	75.90		
- Offline channels	0.10	2.94	17.06	14.94	18.23		
- Others.....	9.77	4.10	2.72	2.69	5.87		
- Sourcing service	0.05	0.06	1.02	0.77	2.44		
- Wechat	—	—	0.03	—	0.77		
- The Group's self-operated websites.....	—	0.001	0.001	0.001	0.001		
- Third-party online platform A	4.98	1.64	0.43	0.42	0.68		
- Third-party online platform B.....	0.19	0.77	0.51	0.60	0.39		
- Other third-party online platforms	4.55	1.63	0.73	0.90	1.59		
Average cost of revenue							
(excluding tax surcharge)	0.65	0.64	0.66	0.68	0.60		Our channel
- Electronic banking systems of PRC							partners including
banks	0.60	0.60	0.52	0.57	0.52		banks, offline
- Offline channels	1.34	1.32	1.30	1.30	0.94		channels, third
- Others (<i>Note 1</i>).....	1.04	1.02	0.55	0.71	0.57		party online
- Sourcing service.....	—	—	—	—	—		platforms
- Wechat	—	—	1.55	0.04	1.11		
- The Group's self-operated websites.....	—	0.83	0.84	0.85	0.81		
- Third-party online platform A	1.11	1.06	1.04	1.04	1.04		
- Third-party online platform B.....	1.05	1.05	0.83	1.06	0.82		
- Other third-party online platforms	0.97	1.01	0.80	0.95	0.90		
Average gross profit (excluding tax surcharge)	0.88	0.73	0.73	0.73	0.67		

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	Year ended December 31,					Key counter party
	September 30,					
	2012	2013	2014	2014	2015	
	(RMB)					
	(approximate)					
Average gross profit (including tax surcharge) (Note 2)	0.85	0.70	0.70	0.69	0.65	
- Electronic banking systems of PRC banks (Notes 3 & 8).....	0.90	0.74	0.84	0.82	0.76	
- Offline channels (Note 4).....	0.16	0.03	0.07	0.09	0.34	
- Others (Notes 5 & 6)	0.46	0.32	0.32	0.28	0.20	
- Sourcing service (Note 6).....	1.50	1.34	0.02	0.02	0.02	
- Wechat (Notes 7 & 8).....	—	—	0.22	1.35	0.16	
- The Group's self-operated websites	—	0.52	0.53	0.54	0.46	
- Third-party online platform A	0.38	0.28	0.33	0.35	0.23	
- Third-party online platform B.....	0.45	0.29	0.54	0.33	0.22	
- Other third-party online platforms	0.53	0.33	0.57	0.44	0.45	

Notes:

- The average cost of revenue of other channels as a whole for each of the three years ended December 31, 2014 and the nine months ended September 30, 2015 is arrived at by taking a weighted average of the average cost of revenue of each category in other channels based on their respective gross transaction values in each year or period.
- The average gross profit per RMB100 transaction generated by us as a whole decreased from approximately RMB0.85 in 2012 to RMB0.70 in 2013 and 2014 and further decreased to RMB0.65 for the nine months ended September 30, 2015. Our average gross profit is mainly affected by two factors, being the cost of mobile top-up credits and commission rates charged by the mobile top-up channels. Mobile users who request for mobile top-up services through our self-operated websites have to pay through debit/credit cards or third-party payment platforms which will then charge us handling fees. The average cost of revenue (which mainly comprised of commission charged by the mobile top-up channels) fluctuated in a close range of RMB0.64 to RMB0.66 from 2012 to 2014 and decreased to RMB0.60 in for the nine months ended September 30, 2015. The decrease in average gross profit was primarily due to the increase in the average cost of mobile top-up credits from RMB98.47 in 2012 to RMB98.73 for the nine months ended September 30, 2015.
- The average gross profit per RMB100 transaction generated by us from electronic banking systems of PRC banks decreased from approximately RMB0.90 in 2012 to RMB0.74 in 2013, primarily due to the decrease in the average discount received from PRC telecommunication operators, their distributors and other channels. It increased to approximately RMB0.84 in 2014, mainly attributable to the decrease in the commission rate charged by PRC banks for handling mobile top-up requests via their banking systems from approximately 0.56% in 2013 to 0.50% in 2014. The decrease in the average gross profit per RMB100 transaction from approximately RMB0.84 in 2014 to RMB0.76 in the nine months ended September 30, 2015 was principally due to the decrease in the average discount received from PRC telecommunication operators, their distributors and other channels.
- The average gross profit per RMB100 transaction generated by us from offline channels decreased from approximately RMB0.16 in 2012 to RMB0.03 in 2013, primarily due to the decrease in the average discount received from PRC telecommunication operators, their distributors and other channels. It increased to approximately RMB0.07 in 2014, mainly attributable to the decrease in the commission rate charged by offline channels from approximately 1.28% in 2013

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to 1.27% in 2014. The increase in the average gross profit per RMB100 transaction from approximately RMB0.07 in 2014 to RMB0.34 in the nine months ended September 30, 2015 was principally due to the decrease in the commission rate charged by offline channels for handling mobile top-up requests from approximately 1.27% in 2014 to approximately 0.91% in the nine months ended September 30, 2015.

5. The average gross profit per RMB100 transaction generated by us from other channels decreased from approximately RMB0.46 in 2012 to RMB0.32 in 2013, primarily due to the decrease in the average discount received from PRC telecommunication operators, their distributors and other channels. The average gross profit per RMB100 transaction in 2014 remained the same as that in 2013.
6. For the nine months ended September 30, 2015, the gross transaction value through other channels amounted to approximately RMB844.3 million, in which approximately RMB350.2 million was generated from assisting distributors of the PRC telecommunication operators in sourcing mobile top-up credits directly from the PRC telecommunication operators through our established relationship with the PRC telecommunication operations. Our Group in turn received a handling fee of approximately RMB175,000 from those distributors, being approximately 0.05% of the face value of mobile top-up credits being sourced. Such handling fee represented approximately 0.10% of our total revenue during the same period. As a result of the increase in providing such service (the "Service") to distributors of the PRC telecommunication operators with a profit margin of approximately 0.05%, the average gross profit per RMB100 transaction generated by us from other channels decreased from approximately RMB0.32 in 2014 to RMB0.20 in the nine months ended September 30, 2015.

When providing the Service to distributors of the PRC telecommunication operators, they have to make prepayments to us which we can use to source mobile top-up credits directly from the PRC telecommunication operators nearly without any initial outlay or cost. This also allows us to enhance our relationship with the PRC telecommunication operators so as to obtain more favourable prices for mobile top-up credits in the future.

For the three years ended December 31, 2014, and the nine months ended September 30, 2015, the gross transaction values associated with the provision of the Service were approximately RMB2.7 million, RMB5.9 million, RMB163.6 million and RMB350.2 million, respectively. The handling fees received by us in respect of the provision of the Service for the three years ended December 31, 2014 and the nine months ended September 30, 2015 represented approximately 0.02%, 0.06%, 0.04% and 0.10% of our total revenue, respectively. Our Directors consider the provision of the Service complementary to our mobile top-up services given that it allows us to maintain relationship with the PRC telecommunication operators while generating revenue nearly without having to make any initial outlay as mentioned above. As disclosed in the paragraph headed "Strategies" under the section headed "Business" in this prospectus, we will continue to expand our bank network, online non-banking top-up channels and offline top-up channels to reach more mobile users.

7. We have also been one of the service providers to Wechat since 2014 as part of our expansion strategies. For the three years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, the gross transaction value generated through our Wechat account amounted to approximately nil, nil, RMB4.6 million and RMB110.1 million, respectively. We expect that the gross transaction value generated from our Wechat account will continue to grow.

The average gross profit per RMB100 transaction generated by our Wechat account decreased from approximately RMB0.22 in 2014 to approximately RMB0.16 for the nine months ended September 30, 2015, primarily due to the decrease in the average discount received from PRC telecommunication operators, their distributors and other channels. The commission rate charged by Wechat decreased slightly from approximately 1.10% in 2014 to approximately 1.07% for the nine months ended September 30, 2015.

8. The difference in the average gross profit margin between electronic banking systems of PRC banks and Wechat during the Track Record Period was mainly attributable to the difference in the commission rates charged by the two channels. For the three years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, the commission rates charged by PRC banks were approximately 0.56%, 0.56%, 0.50% and 0.49%, whereas those charged by Wechat were approximately nil, nil, 1.10% and 1.07%, respectively.

As shown in the table above, during the Track Record Period, the average cost of sourcing mobile top-up credits increased gradually from RMB98.47 in 2012 to RMB98.73 for the nine months ended September 30, 2015 per RMB100 transaction. The prices of mobile top-up credits being offered are

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largely dependent on the demand and supply of mobile top-up credits in the market as well as the policies of the PRC telecommunication operators from time to time. All the market players, regardless of whether they rely on online banking top-up channels or other channels, faced the same increase in the cost of mobile top-up credits. Despite the increase in the price of mobile top-up credits during the Track Record Period, electronic banking systems of PRC banks, in which we have been taking the market leadership, are an important channel for the three PRC telecommunication operators to provide mobile top-up services, which allows us to continue to enjoy stable growth in transaction values.

As shown in the table above, the average gross profit (including tax surcharge) per RMB100 transaction generated from electronic banking systems of PRC banks (i.e. online banking channels) was generally higher than those of offline channels and other channels (including Wechat), primarily due to the lower commission rates charged by PRC banks. For the three years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, the average commission rates charged by PRC banks were approximately 0.56%, 0.56%, 0.50% and 0.49% whereas those charged by offline channels were approximately 1.29%, 1.28%, 1.27% and 0.91%, respectively. During the same periods, the average commission rates charged by other channels were approximately 1.00%, 0.99%, 0.52% and 0.54%, in which the average commission rates charged by Wechat were approximately nil, nil, 1.10% and 1.07%, respectively.

The profitability of online banking top-up channels is generally higher than those of other channels, primarily because of the followings:

- (i) given that our Group's transaction volume through other channels are not significant as compared to that through online banking top-up channels and that our Group in general is not the sole service provider to these channels, our bargaining power with other channels is not as strong as that with online banking top-up channels. As such, some of other channels may not be willing to reduce their commissions at the same level as online banking top-up channels;
- (ii) the provision of mobile top-up services is not the core business of PRC banks and cannot be provided on their own, the commission income generated from such services represents only an insignificant part of their total revenue. As a result, PRC banks are willing to offer a low commission rate;
- (iii) PRC banks generally consider the provision of mobile top-up services as part of value-added services provided to their customers, and a tool to enhance their customers' satisfaction, given that each customer must have some demand for mobile top-up services. PRC banks generally demand a low commission rate in order to maintain a long-term relationship with the mobile top-up service providers; and
- (iv) PRC banks rely on our Group to offer mobile top-up services to their customers, and therefore, they are willing to offer a low commission rate to allow our Group to be profitable and sustainable.

Our Directors expect that the difference in the profitability among different channels will continue going forward.

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The general decrease in average gross profit (including tax surcharge) during the Track Record Period was mainly attributable to the increase in average cost of mobile top-up credits payable to PRC telecommunication operators, their distributors and other channels, which are universally applied to all mobile top-up channels. Nevertheless, driven by the significant increase in gross transaction values from approximately RMB5,708.4 million in 2012 to approximately RMB16,110.3 million in 2014, despite the general increase in the sourcing cost of mobile top-up credits, our profit from continuing operation attributable to owners of our company increased from approximately RMB24.6 million in 2012 to approximately RMB54.5 million in 2014. Our Directors, after taking into account the industry environment and the cost structure of our business model, believe that there will not be material adverse change to the average gross profit and will fluctuate around the level of 0.6% to 0.7%. Our Directors confirm and the Sole Sponsor concurs that our profitability has not been significantly declined since September 30, 2015 and up to the Latest Practicable Date.

Other income and expenses

Other income and expenses primarily comprise (i) income from structured products with banks in the PRC, the interest of which depended on the performance and return of underlying investments of banks; (ii) interest income from bank deposits; (iii) interest income from loans to third parties; and (iv) government grants and subsidy. We recorded other income and expenses from our continuing operation of approximately RMB1.5 million, RMB3.0 million, RMB2.6 million, RMB1.8 million and RMB7.7 million for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, respectively.

During the year ended December 31, 2014 and the nine months ended September 30, 2015, we invested in principal and return unprotected-structured products of banks in the PRC that were denominated in RMB and without a fixed maturity period. Interest of the structured products varied depending on the performance and return of underlying investments of 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 year ended December 31, 2014 and the nine months ended September 30, 2015.

During the Track Record Period, we entered into certain borrowing arrangements with an individual and an enterprise, which are Independent Third Parties. Under the arrangements, certain properties of the individual were pledged to support our bank borrowings. In return, certain proceeds of the bank borrowings were subsequently lent to the individual and the enterprise at fixed interest rates ranging from 3.45% to 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.

We received government grants of RMB3.0 million in relation to a technology development project in 2012 and RMB5.0 million in relation to investment in operation equipment in 2013, respectively. The former was recognized in profit or loss in the year/period when the expenses were incurred for the project while the latter was recognized in profit or loss over the useful lives of the relevant assets. We did not receive any additional government grants in 2014 and the nine months ended September 30, 2015.

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We were granted a one-off subsidy of approximately RMB4.9 million in September 2015 by the Economy, Trade and Information Commission of the Shenzhen Municipality (深圳市經濟貿易和信息化委員會) under the Support Scheme for Innovations in Internet Services (互聯網服務創新扶持計劃項目) which subsidizes interest expenses arising from bank borrowings incurred by leading Internet service enterprises in Shenzhen who have, among other things, a valid ICP licence to run their self-operated websites.

The following table sets out the breakdown of other income and expenses from our continuing operation during the Track Record Period:

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(RMB in thousands)				
Interest income					
- from structured products	—	—	207	151	1,377
- from bank deposits	127	940	998	782	160
- from loans to third parties	73	427	527	216	93
Governments grants and subsidy ..	1,313	1,643	1,061	579	6,047
Others	13	(13)	(195)	45	(9)
Total	<u>1,526</u>	<u>2,997</u>	<u>2,598</u>	<u>1,773</u>	<u>7,668</u>

Distribution and selling expenses

Distribution and selling expenses primarily consist of salaries and allowances for our sales personnel. We recorded distribution and selling expenses of approximately RMB2.9 million, RMB4.4 million, RMB5.7 million, RMB3.8 million and RMB5.2 million for the three years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, respectively. The following table sets out the breakdown of distribution and selling expenses during the Track Record Period:

	Year ended December 31,						Nine months ended September 30,			
	2012		2013		2014		2014		2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(unaudited)									
	(RMB in thousands, except percentages)									
Salaries and allowances	2,667	92.6	3,956	89.0	4,807	84.9	3,220	85.0	3,704	70.8
Social insurance and housing provident fund ...	173	6.0	331	7.4	516	9.1	345	9.1	564	10.8
Others ⁽¹⁾	39	1.4	160	3.6	341	6.0	222	5.9	966	18.4
Total	<u>2,879</u>	<u>100.0</u>	<u>4,447</u>	<u>100.0</u>	<u>5,664</u>	<u>100.0</u>	<u>3,787</u>	<u>100.0</u>	<u>5,234</u>	<u>100.0</u>

(1) Primarily include depreciation, entertainment, welfare expenses, office expenses and travelling expenses.

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Distribution and selling expenses accounted for approximately 3.3%, 3.3%, 2.5%, 2.3% and 2.9% of our revenue for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, respectively. Salaries and allowances accounted for the majority of the distribution and selling expenses, representing approximately 92.6%, 89.0%, 84.9%, 85.0% and 70.8% of our total distribution and selling expenses for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, respectively.

Administrative expenses

Administrative expenses mainly consist of salaries and allowances for administrative staff, rental expenses, professional fees and welfare expenses. We recorded administrative expenses of approximately RMB11.7 million, RMB19.4 million, RMB21.8 million, RMB17.7 million and RMB17.7 million for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, respectively. The following table sets out the breakdown of administrative expenses during the Track Record Period:

	Year ended December 31,						Nine months ended September 30,			
	2012		2013		2014		2014		2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(unaudited)									
	(RMB in thousands, except percentage)									
Salaries and allowances.....	4,473	38.2	9,604	49.5	9,122	41.8	6,277	35.4%	6,234	35.2%
Social insurance and housing provident fund	404	3.5	606	3.1	878	4.0	671	3.8%	946	5.3%
Rental expenses	781	6.7	1,493	7.7	2,095	9.6	1,599	9.0%	1,579	8.9%
Professional fees	189	1.6	1,268	6.5	2,125	9.7	1,540	8.7%	1,045	5.9%
Welfare expenses.....	391	3.3	960	5.0	981	4.5	798	4.5%	688	3.9%
Bank charges.....	658	5.6	787	4.1	504	2.3	297	1.7%	385	2.2%
Entertainment expenses	650	5.6	703	3.6	468	2.1	414	2.3%	614	3.5%
Travelling expenses.....	473	4.0	661	3.4	661	3.0	454	2.5%	325	1.8%
Others ⁽¹⁾	3,677	31.5	3,316	17.1	5,005	23.0	5,690	32.1%	5,901	33.3%
Total	11,696	100.0	19,398	100.0	21,839	100.0	17,740	100.0%	17,717	100.0%

(1) Primarily include depreciation, office expenses, utilities, employee training expenses and telephone charges.

Administrative expenses accounted for approximately 13.4%, 14.2%, 9.8%, 11.0% and 9.7% of our revenue for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, respectively. Salaries and allowances accounted for a major part of the administrative expenses, representing approximately 38.2%, 49.5%, 41.8%, 35.4% and 35.2% of our total administrative expenses for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, respectively.

Our Directors received emoluments of approximately RMB1.2 million, RMB2.1 million, RMB2.5 million and RMB2.7 million for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively, out of which our Directors received directors' fees of RMB801,000 for the nine months ended September 30, 2015.

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Professional fees mainly represented expenses attributable to professional services provided by the PRC auditors and other service providers. The professional fees was not related to the Listing, and accounted for approximately 1.6%, 6.5%, 9.7%, 8.7% and 5.9% of our total administrative expenses in 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, respectively.

Listing expenses

Listing expenses represented expenses incurred for professional services provided by various professional parties in relation to the Global Offering.

Research and development expenses

Our research and development expenses primarily consist of salaries and allowances for our research and development staff and depreciation. We incurred research and development expenses of RMB4.2 million, RMB5.7 million, RMB8.7 million, RMB6.0 million and RMB10.3 million for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, respectively. The following table sets forth the components of our research and development expenses during the Track Record Period.

	Year ended December 31,						Nine months ended September 30,			
	2012		2013		2014		2014		2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(unaudited)									
	(RMB in thousands, except percentages)									
Salaries and allowances	3,175	74.9	3,401	59.8	4,337	49.6	2,917	48.4%	4,118	40.0%
Social insurance and housing provident fund	104	2.5	227	4.0	255	2.9	154	2.6%	628	6.1%
Depreciation	680	16.0	1,477	25.9	3,693	42.3	2,670	44.3%	5,151	50.1%
Others ⁽¹⁾	280	6.6	587	10.3	454	5.2	283	4.7%	391	3.8%
Total	4,239	100.0	5,692	100.0	8,739	100.0	6,024	100.0%	10,288	100.0%

⁽¹⁾ Primarily include service fees paid to third parties, travel and office expenses.

Research and development expenses represented approximately 4.8%, 4.2%, 3.9%, 3.7% and 5.6% of our revenue for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, respectively. Salaries and allowances accounted for the majority of the research and development expenses, representing approximately 74.9%, 59.8%, 49.6%, 48.4% and 40.0% of our total research and development expenses for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, respectively.

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Finance Costs

Finance costs consist of interest expenses on bank borrowings and loans from our shareholders, a related company and third parties. The following table sets out the breakdown of our finance costs from continuing operation during the Track Record Period:

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(RMB in thousands)				
Interest on bank borrowings wholly repayable within five years	3,788	8,531	12,134	9,195	10,123
Interest on loans from shareholders wholly repayable within five years	1,532	371	—	—	—
Interest on loans from a related company wholly repayable within five years	525	130	—	—	—
Interest on loans from third parties wholly repayable within five years	—	369	—	—	—
Total	<u>5,845</u>	<u>9,401</u>	<u>12,134</u>	<u>9,195</u>	<u>10,123</u>

For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, we recorded finance costs of approximately RMB5.8 million, RMB9.4 million, RMB12.1 million, RMB9.2 million and RMB10.1 million, accounting for approximately 6.7%, 6.9%, 5.4%, 5.7% and 5.5% of our revenue, respectively. The interest-bearing loans from the shareholders, the related company and the third parties were fully settled in 2013.

Income tax expense

Our income tax expense is calculated at the prevailing tax rates in accordance with the relevant laws and regulations in the PRC. Pursuant to the EIT Law and its implementation rules, the applicable tax rate of PRC subsidiaries is 25% during the Track Record Period.

We had been subject to the verification collection method for the purpose of tax calculation during the period from 2010 to 2012, pursuant to the Notice of the State Administration of Taxation on Issuing the Measures for Verification Collection of Enterprise Income Tax (for Trial Implementation) (“Notice”) issued by the State Administration of Taxation on March 6, 2008. According to the Notice, the income tax expense under the verification collection method is arrived at by applying an applicable income tax rate to an estimated profit calculated based on (i) the verifiable income or expenses of the taxpayer; and (ii) a profit margin as determined by the relevant tax authorities with reference to, among other things, the industry in which the taxpayer is operating and the companies in the same industry with similar scale of operation and level of revenue. Under the verification collection method, our income tax expense was assessed by the local tax authorities

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in Shenzhen based on our actual costs and expenses. In 2012, the local tax authorities in Shenzhen assessed our income tax expense by applying an enterprise income tax rate of 25% to an estimated profit calculated based on our actual total costs and expenses incurred in that year and a profit margin (being profit before tax divided by revenue) of 10% pre-determined by the local tax authorities.

In 2013, Shenzhen NNK was qualified as a “Software Enterprise” (“軟件企業”) by the Shenzhen Economic Trading and Information Commission, and therefore, was entitled to tax holidays for two years followed by 50% exemption for the following three years commencing from 2010, which was the first profit making year. However, as mentioned above, as Shenzhen NNK has adopted the verification collection method for the tax calculation upon 2012, no tax refund was entitled from 2010 to 2012. In 2013 and 2014, we were subject to an income tax rate of 12.5%.

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 2015, according to the EIT Law. Accordingly, the tax rate of Shenzhen NNK is 15% for the nine months ended September 30, 2015.

We were not subject to any taxation in the Cayman Islands during the Track Record Period. No provision for the Hong Kong profits tax has been made as we did not generate any assessable profits arising from Hong Kong during the Track Record Period. The effective tax rates of our continuing operation, being the income tax expense divided by the profit before tax, for 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015 were approximately 4.0%, 11.6%, 8.3%, 13.4% and 16.5%, respectively.

Discontinued operation

During the Track Record Period, we were also engaged in the online payment business through Shenzhou Tongfu, in which foreign investment is prohibited according to our PRC Legal Advisor. Therefore, we entered into a sale and purchase agreement on June 9, 2014 with Sinomaster Investment and our Controlling Shareholders to dispose of our entire equity interest in Shenzhou Tongfu and its subsidiary at an aggregate consideration of RMB85.0 million. The transfer of the equity interest was completed on November 26, 2014. The consideration was settled in April 2015.

For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, we recorded losses of approximately RMB3.3 million, RMB10.4 million, RMB20.1 million and nil, respectively, from our discontinued operation. The increase in the loss of our discontinued operation was primarily because (i) Shenzhou Tongfu, which was established in June 2011, did not generate sufficient revenue to achieve profitability due to lack of customers to utilize their third-party online payment services at an early stage of its business operations; and (ii) Shenzhou Tongfu incurred a substantial amount of expenses during the Track Record Period. For the years ended December 31, 2012, 2013 and 2014, Shenzhou Tongfu and its subsidiary incurred distribution and selling expenses of approximately RMB0.3 million, RMB1.1 million and RMB4.8 million, respectively. The increase in the distribution and selling expenses was primarily attributable to increased promotional activities in relation to the business activities of Shenzhou Tongfu in order to enhance its brand awareness among the public. During the same periods, it incurred research and development expenses of

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approximately RMB1.6 million, RMB7.0 million and RMB8.1 million, respectively. The increase in research and development expenses primarily resulted from (i) the increase in investments in networking and system infrastructure to maintain and enhance the reliability and security of its online payment platform to attract more customers and improve user experience; and (ii) the increase in salaries and allowance for additional research and development staff recruited by Shenzhou Tongfu. As innovation is crucial to the development of online payment companies, Shenzhou Tongfu's continuous increase in research and development expenses aims to launch innovative online payment services, ensure the stable operations of its online payment platform, provide satisfactory services to its customers with an objective to become a leading online payment service provider. In addition, Shenzhou Tongfu incurred administrative expenses of approximately RMB1.5 million, RMB3.8 million and RMB5.9 million in 2012, 2013 and 2014, respectively. The increase in the administrative expenses from 2012 to 2013 was primarily attributable to (i) the increase in the rental expenses as a result of a larger office space rent by Shenzhou Tongfu; and (ii) the increase in salaries and allowance for additional administrative staffs hired by Shenzhou Tongfu. The increase in administrative expenses from 2013 to 2014 was primarily due to the increase in salaries and allowance for additional administrative staffs hired by Shenzhou Tongfu. Notwithstanding the significant increases in distribution and selling expenses and research and development expenses, the discontinued operation was yet to perform and recorded revenue of only approximately RMB5,000, RMB2.6 million and RMB1.5 million for the years ended December 31, 2012, 2013 and 2014, respectively.

Earnings per share

The basic earnings per share is calculated based on the profit attributable to the owners of our company and 300,000,000 ordinary shares for the Track Record Period on the assumption that the Reorganization and the Capitalization Issue had been effective on 1 January 2012.

According to HKAS 33.64, for increase in the number of issued shares as a result of a capitalization occur after the reporting period, the calculation of basic earnings per share for all periods presented shall be adjusted retrospectively and the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

Also, according to Accounting Guideline 5.20, ordinary shares issued as part of a common control combination which is accounted for using merger accounting are included in the calculation of the weighted average number of shares for all periods presented because the consolidated financial statements of the combined entity are prepared as if the combined entity had always existed. The number of ordinary shares used for the calculation of basic earnings per share in a common control combination which is accounted for using merger accounting is the aggregate of the weighted average number of shares of the entity whose shares are outstanding after the combination.

The earnings per share figures for the Track Record Period are calculated on an "as if" basis even the Capitalization Issue has not completed on the date of this Prospectus.

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TAXATION

Cayman Islands

We are an exempted company with limited liability incorporated in the Cayman Islands. Under the Cayman Islands law, we are not subject to income or capital gains tax in the Cayman Islands.

Hong Kong

Our wholly-owned subsidiary, Daily Charge HK, is subject to Hong Kong profit tax at the rate of 16.5% on profits derived in Hong Kong. During the Track Record Period, we did not make any provisions for Hong Kong profits tax as this subsidiary did not derive any assessable profits in Hong Kong.

PRC

Our PRC subsidiaries are subject to income tax in the PRC. According to the EIT Law and its implementation rules, all PRC incorporated companies became subject to the enterprise income tax at a rate of 25% with effect from January 1, 2008. The EIT Law provided for a 5-year transition period to enterprises that had preferential tax treatment prior to the promulgation of the EIT Law. Our PRC Operating Entity was qualified as a “Software Enterprise” in 2013 and is entitled to an income tax exemption for two years from 2010 and an income tax rate of 12.5% after a 50% reduction for the subsequent three years until the end of 2014. However, from 2010 to 2012, our tax rate was assessed by the local tax authorities in Shenzhen based on our expenses. In 2013, our tax rate was based on the 50% discount to the applicable 25% tax rate under the EIT Law. In 2014, our PRC Operating Entity was certified by local government authorities in Shenzhen as a high and new technology enterprise, and therefore, enjoy a preferential enterprise income tax rate of 15% starting from 2015.

In addition to applicable income tax rates, our effective enterprise income tax rates may be affected by amounts relating to portions of income and expenses not being taxable and deductible, respectively. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, our effective tax rate of our continuing operation was approximately 4.0%, 11.6%, 8.3%, 13.4% and 16.5%, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had no record for violation of relevant PRC laws and regulations in relation to tax.

RESULTS OF OPERATIONS

Nine months ended September 30, 2015 compared to nine months ended September 30, 2014

Revenue

Revenue from our continuing operation increased by approximately 13.0% from approximately RMB161.8 million for the nine months ended September 30, 2014 to approximately RMB182.8 million for the nine months ended September 30, 2015, including approximately RMB914,000 from data usage

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top-up services, primarily because of the increase of mobile top-up requests we received through electronic banking systems of PRC banks and the expansion of our network of additional banks. The increase in revenue was also partially due to the increase in mobile top-up requests received from our offline channels and other channels resulting from our efforts to expand our networks of offline channel partners and other channel partners. In addition, we believe that the increase in revenue was also attributable to (i) our leading market position among mobile top-up service providers offering mobile top-up services through electronic banking systems; (ii) our high quality of services which provides our customers with satisfactory user experience; and (iii) the increase in both the market size of the PRC mobile top-up market and the percentage of revenue derived from online mobile top-up channels operated by parties other than PRC telecommunication operators.

Gross transaction value with mobile users

The gross transaction value with mobile users increased by approximately 25.3% for the nine months ended September 30, 2015 as compared to the nine months ended September 30, 2014. The gross transaction value with mobile users who used our data usage top-up services through various channels, including electronic banking systems of PRC banks, offline channels and other channels, was approximately RMB5.0 million for the nine months ended September 30, 2015. The increase was mainly attributable to the increase in mobile top-up requests resulting from our efforts to enhance and expand our cooperation with PRC banks, offline channels and other channels and the continued recognition of our brand name in the industry. As of September 30, 2014 and 2015, we had 28 and 42 cooperation agreements with PRC banks, respectively, and the gross transaction value via such channel increased by approximately 15.4% from approximately RMB9,453.6 million for the nine months ended September 30, 2014 to approximately RMB10,913.1 million for the nine months ended September 30, 2015. The gross transaction value through offline channels increased significantly from approximately RMB1,715.1 million for the nine months ended September 30, 2014 to approximately RMB2,620.5 million for the nine months ended September 30, 2015 primarily resulting from our efforts to enhance and expand our cooperation with our offline channels. The gross transaction value through other channels increased from approximately RMB308.4 million for the nine months ended September 30, 2014 to approximately RMB844.3 million for the nine months ended September 30, 2015. The average gross transaction value with mobile users per transaction increased from approximately RMB79 for the nine months ended September 30, 2014 to approximately RMB84 for the nine months ended September 30, 2015 which suggested that our customers are more willing to top-up a larger amount of mobile top-up credit in each top-up transaction for the nine months ended September 30, 2015 as compared to that of September 30, 2014.

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

The average discount offered to us by the PRC telecommunication operators, their distributors and other channels slightly decreased from approximately 1.4% in the nine months ended September 30, 2014 to approximately 1.3% in the nine months ended September 30, 2015. The gross transaction value with the PRC telecommunication operators, their distributors and other channels increased by approximately 24.4% for the nine months ended September 30, 2015 as compared to the nine months ended September 30, 2014, which was in line with the increase in the gross transaction value with mobile users.

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Cost of revenue

Our cost of revenue increased by approximately 9.8% from approximately RMB78.2 million for the nine months ended September 30, 2014 to approximately RMB85.9 million for the nine months ended September 30, 2015, primarily because of the increase in commission fees by approximately 9.8% from approximately RMB75.1 million for the nine months ended September 30, 2014 to approximately RMB82.4 million for the nine months ended September 30, 2015 mainly resulting from the increase in the gross transaction value with mobile users in the nine months ended September 30, 2015 since the rate for commission fees charged by the PRC banks generally remained stable. Such increase was in line with the increase in our revenue in the nine months ended September 30, 2015 as compared to the nine months ended September 30, 2014.

Gross profit and gross profit margin

As a result, our gross profit increased by approximately 16.9% from approximately RMB79.7 million for the nine months ended September 30, 2014 to approximately RMB93.1 million for the nine months ended September 30, 2015. Our gross profit margin slightly increased from approximately 49.2% for the nine months ended September 30, 2014 to approximately 50.9% for the nine months ended September 30, 2015.

Other income and expenses

Our other income and expenses increased by approximately 332.5% from approximately RMB1.8 million for the nine months ended September 30, 2014 to approximately RMB7.7 million for the nine months ended September 30, 2015, primarily due to the increase in our interest income of approximately RMB1.2 million from our investment in certain structured products of PRC banks and the increase in government grants and subsidy recognized in the consolidated statements of profit or loss and other comprehensive income from approximately RMB0.6 million for the nine months ended September 30, 2014 to approximately RMB6.0 million for the nine months ended September 30, 2015.

Distribution and selling expenses

Our distribution and selling expenses increased by approximately 38.2%, from approximately RMB3.8 million for the nine months ended September 30, 2014 to approximately RMB5.2 million for the nine months ended September 30, 2015. The increase was primarily because of the increased salaries and allowances mainly due to the increase in benefits and other incentives paid to our sales staff as a result of the increase in our gross transaction value with mobile users and the hiring of additional sales staff and the increased depreciation mainly due to our increased investment in computer and office equipment to cope with our business expansion.

Administrative expenses

Our administrative expenses remained stable at approximately RMB17.7 million for the nine months ended September 30, 2014 and 2015, respectively.

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Listing expenses

We commenced the preparation for the Global Offering in April 2014. We incurred listing expenses of approximately RMB13.7 million for the nine months ended September 30, 2015.

Research and development expenses

Our research and development expenses increased by approximately 70.8% from approximately RMB6.0 million for the nine months ended September 30, 2014 to approximately RMB10.3 million for the nine months ended September 30, 2015, primarily attributable to the increase in depreciation and salaries and allowances. The increase in depreciation by approximately 92.9% from approximately RMB2.7 million for the nine months ended September 30, 2014 to approximately RMB5.2 million for the nine months ended September 30, 2015 was mainly because of our increased investment in computer and office equipment. Salaries and allowances increased by approximately 41.2% from approximately RMB2.9 million for the nine months ended September 30, 2014 to approximately RMB4.1 million for the nine months ended September 30, 2015, primarily due to the hiring of additional research and development staff for our software and research development activities.

Finance costs

Our finance costs increased by approximately 10.1% from approximately RMB9.2 million for the nine months ended September 30, 2014 to approximately RMB10.1 million for the nine months ended September 30, 2015. The increase was primarily due to increased bank borrowings for the purchase of mobile top-up credits as a result of the increase in our gross transaction value with mobile users as mentioned above.

Income tax expense

Our income tax expense from continuing operation increased by approximately 36.5% from approximately RMB5.3 million for the nine months ended September 30, 2014 to approximately RMB7.2 million for the nine months ended September 30, 2015. Our effective tax rate increased from approximately 13.4% for the nine months ended September 30, 2014 to approximately 16.5% for the nine months ended September 30, 2015, primarily due to the increase in our PRC applicable income tax rate from 12.5% to 15.0%.

Profit for the period from continuing operation

As a result of the foregoing, our profit for the period from continuing operation attributable to owners of our company increased from approximately RMB34.2 million for the nine months ended September 30, 2014 to approximately RMB36.5 million for the nine months ended September 30, 2015.

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Year ended December 31, 2014 compared to the year ended December 31, 2013

Revenue

Revenue from our continuing operation increased by approximately 63.5% from approximately RMB136.7 million in 2013 to approximately RMB223.6 million in 2014, primarily because of an increase in mobile top-up requests we received through electronic banking systems of PRC banks and the expansion of our network of additional banks. The increase in revenue in 2014 is also partially due to the increase in mobile top-up requests received from our offline channels resulting from our efforts to increase our offline channel partners. In addition, we believe that the increase in revenue was also attributable to (i) our leading market position among mobile top-up service providers offering mobile top-up services through electronic banking systems; (ii) our high quality of services which provides our customers with satisfactory user experience; and (iii) the increase in both the market size of the PRC mobile top-up market and the percentage of revenue derived from online mobile top-up channels operated by parties other than PRC telecommunication operators.

Gross transaction value with mobile users

The gross transaction value with mobile users increased by approximately 61.4% in 2014 as compared to 2013. The increase was mainly attributable to the increase in mobile top-up requests resulting from our efforts to enhance and expand our cooperation with PRC banks and the continued recognition of our brand name among PRC banks. As of December 31, 2013 and 2014, we had 27 and 32 cooperation agreements with PRC banks, respectively, and the gross transaction value via such channel increased by approximately 39.3% from approximately RMB9,278.8 million in 2013 to approximately RMB12,923.3 million in 2014. The gross transaction value through offline channels increased significantly from approximately RMB293.4 million in 2013 to approximately RMB2,748.1 million in 2014 primarily resulting from our efforts to enhance and expand our cooperation with our offline channels. The average gross transaction value with mobile users per transaction remained relatively stable at approximately RMB79 in 2013 as compared to approximately RMB80 in 2014.

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

The average discount offered to us by the PRC telecommunication operators, their distributors and other channels in 2013 and 2014 remained stable at approximately 1.4%. The gross transaction value with the PRC telecommunication operators, their distributors and other channels increased by approximately 61.4% in 2014 as compared to 2013, which was in line with the increase in the gross transaction value with mobile users.

Cost of revenue

Our cost of revenue increased by approximately 65.6% from approximately RMB64.0 million in 2013 to approximately RMB105.9 million in 2014, primarily due to the increase in commission fees

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by approximately 69.4% from approximately RMB60.0 million in 2013 to approximately RMB101.6 million in 2014 resulting from the increase in the gross transaction value with mobile users in 2014 since the rate for commission fees charged by the PRC banks generally remained stable. Such increase was in line with the increase in our revenue in 2014 as compared to 2013.

Gross profit and gross profit margin

As a result, our gross profit increased by approximately 60.4% from approximately RMB70.2 million in 2013 to approximately RMB112.5 million in 2014. Our gross profit margin slightly decreased from approximately 51.3% in 2013 to approximately 50.3% in 2014.

Other income and expenses

Our other income and expenses decreased by approximately 13.3% from approximately RMB3.0 million in 2013 to approximately RMB2.6 million in 2014, primarily due to the decrease in government grants recognized in the combined statements of profit or loss and other comprehensive income from approximately RMB1.6 million in 2013 to approximately RMB1.1 million in 2014, partially offset by our interest income of approximately RMB0.2 million from our investment in certain structured products.

Distribution and selling expenses

Our distribution and selling expenses increased by approximately 27.4%, from approximately RMB4.4 million in 2013 to approximately RMB5.7 million in 2014. The increase was primarily due to the increase in benefits and other incentives paid to our sales staff as a result of the increase in our gross transaction value with mobile users.

Administrative expenses

Our administrative expenses increased by approximately 12.6%, from approximately RMB19.4 million in 2013 to approximately RMB21.8 million in 2014. The increase was primarily due to (i) the increase in professional fees by approximately 67.6% from approximately RMB1.3 million in 2013 to approximately RMB2.1 million in 2014 resulting from the increase in PRC audit fees and marketing consultancy fees; and (ii) the increase in rental expenses by approximately 40.3% from approximately RMB1.5 million in 2013 to approximately RMB2.1 million in 2014.

Listing expenses

We commenced the preparation for the Global Offering in April 2014. We incurred listing expenses of approximately RMB7.3 million in 2014.

Research and development expenses

Our research and development expenses increased by approximately 53.5% from approximately RMB5.7 million in 2013 to approximately RMB8.7 million in 2014, primarily attributable to the increase in salaries and allowances and depreciation. Salaries and allowances increased by

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approximately 27.5% from approximately RMB3.4 million in 2013 to approximately RMB4.3 million in 2014, primarily due to the hiring of additional research and development staff for our software and research development activities. The increase in depreciation by approximately 150.0% from approximately RMB1.5 million in 2013 to approximately RMB3.7 million in 2014 was mainly due to our increased investment in computer and office equipment to cope with our business expansion.

Finance costs

Our finance costs increased by approximately 29.1% from approximately RMB9.4 million in 2013 to approximately RMB12.1 million in 2014. The increase was primarily due to the increase in interest on bank borrowings for sourcing mobile top-up credits primarily as a result of the increase in the weighted average effective interest rate of bank borrowings from approximately 6.16% in 2013 to approximately 6.85% in 2014.

Income tax expense

Our income tax expense from continuing operation increased by approximately 24.4%, from approximately RMB4.0 million in 2013 to approximately RMB4.9 million in 2014. Our effective tax rate decreased from approximately 11.6% in 2013 to approximately 8.3% in 2014, primarily due to the deductible loss arising from the disposal of Shenzhou Tongfu and its subsidiary calculated based on the difference between the consideration and the initial cost of investing in Shenzhou Tongfu and its subsidiary, and the increase in tax benefits resulting from increased research and development expenses incurred in 2014. The surplus on the disposal of Shenzhou Tongfu and its subsidiary representing the difference between the consideration received and the carrying amounts of the net assets disposed in Shenzhou Tongfu and its subsidiary was however recognized in the equity account of our company. The aforesaid tax benefit represents an incentive scheme in which a further 50% of the research and development cost incurred during the relevant year is deductible from a tax perspective.

Profit for the year from continuing operation

As a result of the foregoing, our profit for the year from continuing operation attributable to owners of our company increased by approximately 80.2% from approximately RMB30.2 million in 2013 to approximately RMB54.5 million in 2014.

Year ended December 31, 2013 compared to the year ended December 31, 2012

Revenue

Revenue from our continuing operation increased by approximately 56.4% from approximately RMB87.4 million in 2012 to approximately RMB136.7 million in 2013. The increase was primarily attributable to the increase in mobile top-up requests we received through electronic banking systems of PRC banks. The increase in revenue in 2013 was also partially due to the increase in mobile top-up requests received from our offline channels resulting from our efforts to increase our offline channel partners. In addition, we believe that the increase in revenue was also attributable to (i) our leading market position among mobile top-up service providers offering mobile top-up services through

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electronic banking systems; (ii) our high quality of services which provides our customers with satisfactory user experience; and (iii) the increase in both the market size of the PRC mobile top-up market and the percentage of revenue derived from online mobile top-up channels operated by parties other than PRC telecommunication operators.

Gross transaction value with mobile users

The gross transaction value with mobile users increased by approximately 74.9% in 2013 as compared to 2012. Such increase was mainly attributable to our effort to enhance our cooperation with PRC banks and the continued recognition of our brand name among PRC banks. As of December 31, 2012 and 2013, we had 23 and 27 cooperation agreements with PRC banks, respectively, and the gross transaction value via such channel increased by approximately 80.3% from approximately RMB5,145.1 million in 2012 to approximately RMB9,278.8 million in 2013. The gross transaction value through offline channels increased significantly from approximately RMB5.7 million in 2012 to approximately RMB293.4 million in 2013 primarily resulting from our efforts to enhance and expand our cooperation with our offline channels. The average gross transaction value with mobile users per transaction remained relatively stable at approximately RMB79 in 2012 and 2013.

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

The average discount offered to us by the PRC telecommunication operators, their distributors and other channels slightly decreased from approximately 1.5% in 2012 to approximately 1.4% in 2013, which was mainly affected by the market demand and supply of mobile top-up credits. The gross transaction value with the PRC telecommunication operators, their distributors and other channels increased by approximately 75.1% in 2013 as compared to 2012, which was in line with the increase in the gross transaction value with mobile users.

Cost of revenue

Our cost of revenue increased by approximately 73.2% from approximately RMB36.9 million in 2012 to approximately RMB64.0 million in 2013. The increase was primarily attributable to the increase in commission fees by approximately 74.0% from approximately RMB34.5 million in 2012 to approximately RMB60.0 million in 2013 resulting from the increase in gross transaction values with mobile users in 2013 since the rate for commission fees charged by the PRC banks generally remained stable. Such increase was in line with the increase in our revenue in 2013 as compared to 2012.

Gross profit and gross margin

As a result, our gross profit increased by approximately 44.0% from approximately RMB48.7 million in 2012 to approximately RMB70.2 million in 2013. Our gross profit margin decreased from approximately 55.7% in 2012 to approximately 51.3% in 2013, primarily due to the decrease in the average discount offered by PRC telecommunication operators, their distributors and other channels.

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Other income and expenses

The increase in other income and expenses by approximately 96.4% from approximately RMB1.5 million in 2012 to approximately RMB3.0 million in 2013 was primarily due to (i) the increase in interest income from bank deposits from approximately RMB0.1 million in 2012 to approximately RMB0.9 million in 2013, which was consistent with the increase in average cash and cash equivalents balance in 2013; (ii) the increase of approximately RMB0.4 million in interest income from loans to third parties; and (iii) the increase in government grants recognized in the combined statements of profit or loss and other comprehensive income from approximately RMB1.3 million in 2012 to approximately RMB1.6 million in 2013.

Distribution and selling expenses

Our distribution and selling expenses increased by approximately 54.5% from approximately RMB2.9 million in 2012 to approximately RMB4.4 million in 2013, primarily attributable to the increase in salaries and allowances of approximately RMB1.3 million mainly due to the increase in benefits and other incentives paid to our sales staff as a result of the increase in our gross transaction value with mobile users and the hiring of additional sales staff to maintain the relationship with and expand our channels.

Administrative expenses

Our administrative expenses increased by approximately 65.9% from approximately RMB11.7 million in 2012 to approximately RMB19.4 million in 2013. Such increase was primarily attributable to the increase in salaries and allowances and professional fees. The increase in salaries and allowances by approximately 114.7% from approximately RMB4.5 million in 2012 to approximately RMB9.6 million in 2013 was mainly due to the increase in benefits paid to our administrative staff and the hiring of additional administrative staff. Professional fees increased by approximately RMB1.1 million in 2013 as compared to 2012, primarily due to consultancy fees incurred in relation to our business development in 2013.

Research and development expenses

Our research and development expenses increased by approximately 34.3% from approximately RMB4.2 million in 2012 to approximately RMB5.7 million in 2013, primarily attributable to the increase in depreciation. The increase in depreciation by approximately 117.2% from approximately RMB0.7 million in 2012 to approximately RMB1.5 million in 2013 was mainly due to our increased investment in computer and office equipment in 2013 to cope with our business expansion.

Finance costs

Our finance costs increased by approximately 60.8% from approximately RMB5.8 million in 2012 to approximately RMB9.4 million in 2013. The increase was primarily attributable to the increase in interest expenses from increased bank borrowings for the purchase of mobile top-up credits as a result of the increase in the gross transaction value with mobile users as mentioned above.

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Income tax expense

Our income tax expense from continuing operation increased by approximately 287.2% from approximately RMB1.0 million in 2012 to approximately RMB4.0 million in 2013. Our effective tax rate increased from approximately 4.0% in 2012 to approximately 11.6% in 2013. We had been subject to the verification collection method for the purpose of tax calculation since 2010, pursuant to the Notice, in which our tax payable was assessed by the local tax authorities in Shenzhen based on our costs and expenses. In 2012, the local tax authorities in Shenzhen assessed our income tax expense by applying an enterprise income tax rate of 25% to an estimated profit calculated based on our actual total costs and expenses incurred in that year and a profit margin (being profit before tax divided by revenue) of 10% pre-determined by the local tax authorities. Under the verification collection method, our income tax expense was assessed to be approximately RMB1.0 million in 2012, based on our costs and expenses during the year. In 2013, our income tax expense of approximately RMB4.0 million was arrived at after applying a tax rate of 12.5%, being 50% discount to the applicable 25% tax rate under the EIT Law, to our adjusted taxable profit. The difference in effective tax rates in 2012 and 2013 was primarily due to the different tax assessment methods adopted in the respective years. By applying the same tax assessment method as in 2013, on a hypothetical basis for illustrative purposes only, our income tax expense in 2012 would be approximately RMB3.0 million, resulting in an effective tax rate of approximately 11.6%, which was comparable to that in 2013. Based on written confirmations from the relevant PRC tax authorities, we had no record for violation of relevant PRC laws and regulations in relation to tax during the Track Record Period.

Profit for the year from continuing operation

As a result of the foregoing, our profit for the year from continuing operation attributable to owners of our company increased by approximately 23.2% from approximately RMB24.6 million in 2012 to approximately RMB30.3 million in 2013.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, we funded our working capital and other capital requirements principally from cash generated from our operating activities, bank borrowings and loans from shareholders and advances from related companies.

Our uses of cash primarily include cash used in sourcing mobile top-up credits and the funding of other recurring expenses to support our business operations. As of December 31, 2012, 2013 and 2014 and September 30, 2015, we had cash and cash equivalents of approximately RMB28.5 million, RMB50.3 million, RMB21.3 million and RMB31.7 million, respectively.

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Cash flows

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the year indicated:

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(RMB in thousands)				
Net cash (used in)/from					
operating activities	(23,826)	(41,566)	98,375	6,351	(98,246)
Net cash used in investing					
activities.....	(20,991)	(36,669)	(104,284)	(7,295)	(1,224)
Net cash from (used in)					
financing activities	64,185	99,985	(23,116)	6,315	109,891
Cash and cash equivalents at the					
beginning of the year/period	9,176	28,544	50,294	50,294	21,269
Cash and cash equivalents at the					
end of the year/period	28,544	50,294	21,269	55,665	31,690

Operating activities

During the Track Record Period, we generated cash from operating activities primarily by providing mobile top-up services. Our primary use of cash in operating activities relates to (i) sourcing mobile top-up credits from the PRC telecommunication operators, their distributors and other channels; and (ii) payments for staff cost and rental expenses.

Net cash used in operating activities for the nine months ended September 30, 2015 was approximately RMB98.2 million. We generated operating cash flows before movements in working capital of approximately RMB56.6 million, adjusted for net working capital outflow of approximately RMB151.4 million. The outflow in net working capital was primarily attributable to (i) the increase in inventories of approximately RMB110.7 million mainly due to the expected increase in mobile top-up requests in the fourth quarter of 2015 and as a result of the China National Day in October 2015; (ii) the increase in prepayments, deposits and other receivables of approximately RMB43.2 million mainly due to the increase in prepayments for mobile top-up credits in anticipation of an increase in gross transaction value with mobile users in the fourth quarter of 2015 and as a result of the China National Day in October 2015; and (iii) the increase in trade receivables of approximately RMB11.4 million primarily due to the increase in the gross transaction value with mobile users. These were partially offset by the increase in other payables of approximately RMB13.9 million primarily because of the increase in receipts in advance from customers as a result of our business expansions.

Net cash generated from operating activities in 2014 was approximately RMB98.4 million. We generated operating cash flows before movements in working capital of approximately RMB49.0

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million, adjusted for net working capital inflow of approximately RMB53.1 million and income tax paid of approximately RMB3.7 million. The inflow in net working capital was primarily attributable to (i) the decrease in inventories of approximately RMB30.1 million primarily attributable to our improved inventory control measures and the faster growth of the gross transaction value with mobile users than the purchase of mobile top-up credits; and (ii) the increase in trade payables of approximately RMB21.7 million primarily because of a longer credit period allowed by a PRC bank for the payment of commission fees as a result of our enhanced relationship with the PRC bank.

Net cash used in operating activities in 2013 was approximately RMB41.6 million. We generated operating cash flows before movements in working capital of approximately RMB33.4 million, adjusted for net working capital outflow of approximately RMB68.9 million and income tax paid of approximately RMB6.1 million. The outflow in net working capital was primarily attributable to (i) the increase in inventories of approximately RMB72.4 million in anticipation of an increase in mobile top-up requests in January 2014; (ii) the increase in trade receivables of approximately RMB24.0 million mainly due to the increase in mobile top-up transactions; and (iii) the increase in prepayments, deposits and other receivables of approximately RMB10.7 million mainly due to the increase in prepayments for mobile top-up credits in anticipation of an increase in gross transaction value with mobile users in January 2014. These were partially offset by (i) the increase in trade payables of approximately RMB24.8 million mainly reflecting a longer credit period allowed by a PRC bank for the payment of commission fees; and (ii) the increase in other payables of approximately RMB13.7 million primarily due to the increase in receipts in advance from customers as a result of our business expansion.

Net cash used in operating activities in 2012 was approximately RMB23.8 million. We generated operating cash flows before movements in working capital of approximately RMB28.5 million, adjusted for net working capital outflow of approximately RMB51.3 million and income tax paid of approximately RMB1.0 million. The outflow in net working capital was primarily attributable to (i) the increase in inventories of approximately RMB25.0 million due to the expected increase in gross transaction value with mobile users in January 2013; and (ii) the decrease in other payables of approximately RMB10.2 million resulting from the decrease in receipts in advance from customers.

Investing activities

Our cash used in investing activities reflects results of our investing activities for the year. We derive the cash inflow from investing activities primarily from repayments from related companies, repayments from shareholders, repayments of loans to third parties and government grants received. The cash outflow from investing activities is primarily for the purchase of property, plant and equipment, and advances to third parties, related companies and shareholders.

Net cash used in investing activities in the nine months ended September 30, 2015 was approximately RMB1.2 million, primarily due to the advance to related companies of approximately RMB298.2 million and the placement of restricted bank deposit of approximately RMB15.0 million, partially offset by the repayments from related companies of approximately RMB209.2 million and the repayment from Shareholders of approximately RMB17.8 million.

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Net cash used in investing activities in 2014 was approximately RMB104.3 million, primarily due to the advance to related companies of approximately RMB208.4 million and the net cash outflow of approximately RMB15.0 million arising from the disposal of Shenzhou Tongfu and its subsidiary, partially offset by repayments from related companies of approximately RMB34.2 million, repayments from shareholders of approximately RMB95.7 million and repayments of loans to third parties of approximately RMB17.5 million.

Net cash used in investing activities in 2013 was approximately RMB36.7 million, primarily due to advances to third parties, related companies and shareholders in an aggregate amount of approximately RMB56.7 million and the purchase of property, plant and equipment of approximately RMB11.4 million, partially offset by repayments of loans to third parties of approximately RMB12.0 million, repayments from related companies of approximately RMB9.7 million and government grants received in the amount of RMB5.0 million.

Net cash used in investing activities in 2012 was approximately RMB21.0 million, primarily due to advances to third parties and related companies in an aggregate amount of approximately RMB21.7 million, partially offset by government grants received in the amount of RMB3.0 million.

Financing activities

We derive our cash inflow from financing activities primarily from bank borrowings, loans from shareholders and advances from related companies. Our cash outflow from financing activities mainly includes repayments of bank borrowings, repayments of loans from shareholders, repayments to related companies and payment of dividends.

Net cash generated from financing activities for the nine months ended September 30, 2015 was approximately RMB109.9 million, primarily attributable to the proceeds from bank borrowings of approximately RMB863.0 million, partially offset by repayments of bank borrowings of approximately RMB613.6 million, repayments to related companies of approximately RMB99.5 million and the dividend payment of RMB30.0 million.

Net cash used in financing activities in 2014 was approximately RMB23.1 million, primarily due to the repayments of bank borrowings of approximately RMB675.0 million and repayments to related companies of approximately RMB24.6 million, partially offset by the proceeds from bank borrowings of approximately RMB540.0 million and advances from related companies of approximately RMB148.7 million.

Net cash generated from financing activities in 2013 was approximately RMB100.0 million, primarily as a result of the proceeds from bank borrowings of approximately RMB730.2 million and loans from shareholders of approximately RMB116.9 million, partially offset by the repayments of bank borrowings of approximately RMB571.6 million and the repayment of loans from shareholders of approximately RMB147.0 million.

Net cash generated from financing activities in 2012 was approximately RMB64.2 million, primarily due to the proceeds from bank borrowings of approximately RMB320.0 million and loans from shareholders of approximately RMB249.4 million, partially offset by the repayments of bank borrowings of approximately RMB269.9 million and the repayments of loans from shareholders of approximately RMB248.3 million.

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NET CURRENT ASSETS AND LIABILITIES

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of September 30,	As of October 31,
	2012	2013	2014	2015	2015
					(unaudited)
	(RMB in thousands)				
Current assets					
Inventories	99,880	172,291	142,181	252,909	206,562
Trade receivables	23,987	48,005	46,393	57,817	54,801
Prepayments, deposits and other receivables.....	23,599	34,320	31,314	74,470	79,186
Amounts due from Shareholders.	650	10,698	10,045	—	—
Amounts due from related companies.....	9,668	25,744	132,295	136,342	99,091
Loans to third parties.....	12,000	17,500	10,500	—	—
Tax recoverable.....	—	1,790	584	—	—
Restricted bank deposit	—	—	—	15,000	15,000
Cash and cash equivalents.....	28,544	50,294	21,269	31,690	74,584
	198,328	360,642	394,581	568,228	529,224
Current liabilities					
Trade payables	7,522	32,354	54,059	54,121	55,542
Other payables	9,873	23,561	20,738	34,632	33,912
Amounts due to related companies.....	40	2,225	99,452	—	—
Amounts due to Shareholders.....	1,396	—	—	—	—
Loan from a related company.....	20,000	—	—	—	—
Loans from Shareholders.....	30,100	—	—	—	—
Tax payables	297	—	—	3,248	1,345
Bank borrowings	79,400	238,000	103,000	352,466	313,424
Dividends payable.....	—	—	30,000	—	—
	148,628	296,140	307,249	444,467	404,223
Net current assets	49,700	64,502	87,332	123,761	125,001

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We had net current assets of approximately RMB123.8 million as of September 30, 2015 as compared with net current assets of approximately RMB87.3 million as of December 31, 2014. The increase was primarily attributable to (i) the increase in inventories of approximately RMB110.7 million in anticipation of an increase in mobile top-up requests in the third quarter of 2015; (ii) the increase in prepayments, deposits and other receivables of approximately RMB43.2 million mainly due to the increase in prepayments for mobile top-up credits; and (iii) the increase in cash and cash equivalents of approximately RMB10.4 million. Such increase was partially offset by (i) the increase in bank borrowings of approximately RMB249.5 million primarily for sourcing mobile top-up credits; and (ii) the increase in other payables of approximately RMB13.9 million primarily due to the increase in receipts in advance from customers as a result of our business expansion.

We had net current assets of approximately RMB87.3 million as of December 31, 2014 as compared with approximately RMB64.5 million as of December 31, 2013. The increase was primarily attributable to (i) the increase in amounts due from related companies of approximately RMB106.6 million primarily as a result of advances to these related companies to meet their working capital requirements and the amount due from Sinomaster Investment arising from the disposal of Shenzhou Tongfu and its subsidiary in November 2014; and (ii) the decrease in bank borrowings of approximately RMB135.0 million. Such increase was partially offset by (i) the decrease in inventories of approximately RMB30.1 million as a result of our improved inventory control measures; (ii) the decrease in cash and cash equivalents of approximately RMB29.0 million; (iii) the increase in trade payables of approximately RMB21.7 million primarily due to a longer credit period allowed by a PRC bank for the payment of commission fees; (iv) the increase in amounts due to related companies of approximately RMB97.2 million resulting from advances from related companies to meet our working capital requirements; and (v) the dividends payable of RMB30 million.

We had net current assets of approximately RMB64.5 million as at December 31, 2013 as compared with approximately RMB49.7 million as at December 31, 2012. Such increase was primarily due to (i) the increase in inventories of approximately RMB72.4 million in anticipation of an increase in mobile top-up requests in January 2014; (ii) the increase in trade receivables of approximately RMB24.0 million mainly due to the increase in mobile top-up transactions; (iii) the increase in prepayments, deposits and other receivables of approximately RMB10.7 million mainly attributable to the increase in prepayments for mobile top-up credits; (iv) the increase in amounts due from shareholders of approximately RMB10.0 million mainly due to the amount advanced to Mr. Huang Junmou; (v) the increase in amounts due from related companies of approximately RMB16.1 million as a result of advances to these related companies to meet their business requirements; and (vi) the increase in cash and cash equivalents of approximately RMB21.8 million. These amounts were partially offset by (i) the increase in trade payables of approximately RMB24.8 million mainly due to a longer credit period allowed by a PRC bank for the payment of commission fees; (ii) the increase in other payables of approximately RMB13.7 million primarily due to the increase in receipts in advance from customers as a result of our business expansion; and (iii) the increase in bank borrowings of approximately RMB158.6 million for the purchase of mobile top-up credits as a result of the increase in the gross transaction value with mobile users.

Save as the balance with Shenzhou Tongfu in connection with the transactions contemplated under the service agreement entered into among Shenzhen NNK and Shenzhou Tongfu on October 1,

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2014, all amounts due from/to shareholders and related companies, loans to third parties and loans from a related company and shareholders had been settled as at the Latest Practicable Date. For details of such service agreement, please refer to the section headed “Connected Transactions” in this prospectus.

Inventories

Our inventory consists of mobile top-up credits we purchase primarily from the PRC telecommunication operators and their distributors. The following table sets forth our inventory balances as of the dates indicated.

	As of December 31,			As of September 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Pre-paid mobile top-up credits	99,880	172,291	142,181	252,909

Our inventory increased from approximately RMB99.9 million as of December 31, 2012 to approximately RMB172.3 million as of December 31, 2013, primarily as a result of the increased purchase of mobile top-up credits in anticipation of an increase in mobile top-up requests in January 2014. Our inventory decreased from approximately RMB172.3 million as of December 31, 2013 to approximately RMB142.2 million as of December 31, 2014, primarily attributable to our improved inventory control measures related to the purchase of mobile top-up credits and the faster growth of the gross transaction value with mobile users than the purchase of mobile top-up credits. Our inventory increased from approximately RMB142.2 million as of December 31, 2014 to approximately RMB252.9 million as of September 30, 2015, primarily because of the expected increase in mobile top-up requests in the fourth quarter of 2015 and as a result of the China National Day in October 2015.

The following table sets forth our average inventory turnover days during the Track Record Period.

	Year ended December 31,			Nine months ended September 30,
	2012	2013	2014	2015
Inventory turnover days ⁽¹⁾	6	5	4	4

(1) Inventory turnover days for each of the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015 are computed by the average of the beginning and ending inventories balances of that year/period, divided by the gross transaction value with the PRC telecommunication operators, their distributors and other channels for that year/period and multiplied by 365 days for a year or 273 days for the nine months ended September 30, 2015.

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Our inventory turnover days was on a decreasing trend during the Track Record Period due to improved inventory control measures. As of the Latest Practicable Date, all inventories as of September 30, 2015 had been consumed.

Trade receivables

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

Our trade receivables increased from approximately RMB24.0 million as of December 31, 2012 to approximately RMB48.0 million as of December 31, 2013, primarily reflecting the increase in the gross transaction value with mobile users. Our trade receivables slightly decreased from approximately RMB48.0 million in 2013 to approximately RMB46.4 million in 2014. Our trade receivables increased from approximately RMB46.4 million as of December 31, 2014 to approximately RMB57.8 million as of September 30, 2015, primarily as a result of the increase in gross transaction value with mobile users. As of the Latest Practicable Date, approximately RMB57.0 million, or 98.5%, of our trade receivables as of September 30, 2015 had been settled.

The table below sets forth an aging analysis of our trade receivables presented based on the date of service provided and revenue recognised, as of the dates indicated.

	As of December 31,			As of September 30,
	2012	2013	2014	2015
	(RMB in thousands)			
0 to 30 days.....	23,987	48,005	46,393	57,652
30 to 180 days	—	—	—	165
	<u>23,987</u>	<u>48,005</u>	<u>46,393</u>	<u>57,817</u>

The following table sets forth turnover days for our trade receivables during the Track Record Period:

	Year ended December 31,			Nine months ended September 30,
	2012	2013	2014	2015
Trade receivables turnover days ⁽¹⁾	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

(1) Trade receivables turnover days for each of the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015 are computed by the average of the beginning and ending balances of trade receivables of that year/period, divided by the gross transactions value with mobile users for that year/period and multiplied by 365 days for a year or 273 days for the nine months ended September 30, 2015.

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Our trade receivables turnover days indicate the time required for us to obtain cash proceeds from our services. We maintained short turnover days during the Track Record Period because our trade receivables mainly represent receivables from PRC banks in relation to our mobile top-up services, the settlement period of which is normally within one day from the transaction date. For our corporate customers, we may grant some of them a credit period of about 30 to 60 days. Our trade receivables turnover days remained stable at 1 day for each of the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015.

Prepayments, deposits and other receivables

Prepayments, deposits and other receivables mainly represent prepayments for mobile top-up credits. The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,			As of September 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Prepayments for mobile top-up credits	21,183	32,680	29,320	73,213
Loans to employees ⁽¹⁾	—	—	588	—
Deposit for tendering	2,200	500	449	—
Temporary advance to staff ⁽²⁾	—	330	364	557
Others	261	810	593	700
Total	23,599	34,320	31,314	74,470

(1) Includes loans to two employees in connection with their purchase of properties at an interest rate of approximately 6.72% per annum. As of the Latest Practicable Date, all loans to employees had been settled.

(2) Primarily includes advances to staff as petty cash for payment of office and travel expenses.

Our prepayments, deposits and other receivables increased by approximately 45.4%, from approximately RMB23.6 million as of December 31, 2012 to approximately RMB34.3 million as of December 31, 2013, primarily as a result of the increase in prepayments for mobile top-up credits in anticipation of an increase in our transaction volume. Our prepayments, deposits and other receivables decreased to approximately RMB31.3 million as of December 31, 2014, primarily due to the decrease in prepayments for mobile top-up credits resulting from our more effective management of our sourcing of mobile top-up credits. Our prepayments, deposits and other receivables increased by approximately 137.8%, from approximately RMB31.3 million as of December 31, 2014 to approximately RMB74.5 million as of September 30, 2015, primarily reflecting the increase in prepayments for mobile top-up credits in anticipation of an increase in our transaction volume in the fourth quarter of 2015 and as a result of the China National Day in October 2015.

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Prepayments for mobile top-up credit

PRC telecommunication operators and their distributors require us to make prepayments as we purchase mobile top-up credits from them. Balance of our prepayments was approximately RMB21.2 million, RMB32.7 million, RMB29.3 million and RMB73.2 million as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively.

Our prepayments for mobile top-up credits as of December 31, 2013 increased by approximately RMB11.5 million, or approximately 54.3%, as compared with that as of December 31, 2012, primarily as a result of our increased prepayments for mobile top-up credits in anticipation of an increase in our transaction volume. The prepayments as of December 31, 2014 decreased by approximately RMB3.4 million, or approximately 10.3%, as compared with that as of December 31, 2013, primarily due to our more effective management of sourcing mobile top-up credits. Our prepayments for mobile top-up credits as of September 30, 2015 increased by approximately RMB43.9 million, or approximately 149.7%, as compared with that as of December 31, 2014, primarily as a result of our increased prepayments for mobile top-up credits in anticipation of an increase in our transaction volume.

Deposit for tendering

Deposit for tendering primarily represents our deposits placed with our suppliers. Deposit for tendering decreased by approximately 77.3% to approximately RMB0.5 million as of December 31, 2013 from approximately RMB2.2 million as of December 31, 2012, primarily as a result of the decrease in deposits placed with our suppliers in 2013. Deposits for tendering further decreased to approximately RMB0.4 million as of December 31, 2014 for the same reason.

Amounts due from/to shareholders

Our amounts due from shareholders as of December 31, 2012, 2013 and 2014 represented advances to Shareholders and were non-trade in nature. The amounts were unsecured, interest-free and repayable on demand.

The following table sets forth a breakdown of our amounts due from shareholders as of the dates indicated.

	As of December 31,			As of
	2012	2013	2014	September 30, 2015
	(RMB in thousands)			
Huang Junmou	650	10,086	4,330	—
Yang Hua	—	612	3,788	—
Li Xiangcheng	—	—	1,275	—
Xu Xinhua	—	—	598	—
Huang Shaowu	—	—	54	—
Total	<u>650</u>	<u>10,698</u>	<u>10,045</u>	<u>—</u>

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As of December 31, 2012, 2013 and 2014 and September 30, 2015, our amounts due to Shareholders was approximately RMB1.4 million, nil, nil and nil, respectively.

All amounts due from/to shareholders had been settled as at the Latest Practicable Date.

Amounts due from/to related companies

Our amounts due from related companies mainly represented amounts due from or advances provided to related companies which are under the common control of our shareholders. The amounts were non-trade in nature and were unsecured, interest-free and repayable on demand. As of December 31, 2012, 2013 and 2014 and September 30, 2015, we had amounts due from related companies in the amount of approximately RMB9.7 million, RMB25.7 million, RMB132.3 million and RMB136.3 million, respectively. See Note 21 to the Accountants' Report included as Appendix I to this prospectus for further details.

Our amounts due to related companies represented advances from related companies, which are under the common control of our shareholders. The amounts were unsecured, interest-free and repayable on demand. As of December 31, 2012, 2013 and 2014 and September 30, 2015, we had amounts due to related companies in the amount approximately RMB40,000, RMB2.2 million, RMB99.5 million and nil. See note 21 to the Accountants' Report included as Appendix I to this prospectus for further details.

Save as the balance with Shenzhou Tongfu in connection with the transactions contemplated under the service agreement entered into among Shenzhen NNK and Shenzhou Tongfu on October 1, 2014, all amounts due from/to related companies had been settled as at the Latest Practicable Date. For details of such service agreement, please refer to the section headed "Connected Transactions" in this prospectus.

Loans to third parties

During the Track Record Period, we entered into certain borrowing arrangements with Mr. Ni Siyuan ("Mr. Ni") and China Building Communications Services Steel Equipment Co., Ltd. (深圳市華築通服鋼結構設備有限公司) ("China Steel"), both of whom were Independent Third Parties. Due to their working capital requirements, Mr. Ni and China Steel approached us for such borrowing arrangements. China Steel is principally engaged in the manufacturing and sale of steel structure products and provision of consulting services. Mr. Ni and the beneficial owners of China Steel are friends of our chairman, Huang Junmou. Other than the aforesaid, neither Mr. Ni nor China Steel have any past or present relationships with our company, our Shareholders, our Directors, senior management or any of their respective associates. Under the arrangements, certain properties of Mr. Ni were pledged to support our bank borrowings. In return, certain proceeds from such borrowings were subsequently lent to Mr. Ni. We decided to grant the loans to China Steel after considering that (i) the loan amount of RMB0.5 million was not significant as compared to our internal resources and (ii) the loans were repayable on demand. The loans to Mr. Ni and China Steel carried interest rates ranging from 3.45% to 6.72% per annum during the Track Record Period. As of December 31, 2012, 2013 and 2014 and September 30, 2015, the total amount of such loans was approximately RMB12.0

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million, RMB17.5 million, RMB10.5 million and nil, respectively, of which nil, RMB0.5 million, RMB0.5 million and nil, respectively, was due from China Steel. These borrowing arrangements were terminated in December 2014 and all the loans were settled in March 2015. See also “Business — Legal Proceedings and Regulatory Compliance — Non-compliance” in this prospectus.

Restricted bank deposit and cash and cash equivalents

The restricted bank deposit as of September 30, 2015 represented the fixed rate deposit in a bank to secure a banking facility, which carries interest at a fixed rate of 3% per annum. As of December 31, 2012, 2013 and 2014 and September 30, 2015, we had cash and cash equivalents of approximately RMB28.5 million, RMB50.3 million, RMB21.3 million and RMB31.7 million, respectively. Our cash and cash equivalents carry interests at prevailing market rates which ranged from 0.01% to 0.40% per annum as of December 31, 2012, 2013 and 2014 and September 30, 2015.

During the Track Record Period, Shenzhen NNK received proceeds for mobile top-up services we provided to our customers, made certain payments to source mobile top-up credits primarily from the PRC telecommunication operators and their distributors, paid certain expenses of our Group and conducted fund transfer in relation to borrowings and relevant interests through 18 personal bank and third party payment accounts registered under the names of 8 individuals, comprising Mr. Huang Junmou, the spouse of Mr. Li Xiangcheng and certain employees. During the Track Record Period, Shenzhou Tongfu and its subsidiary, our discontinued operation, also paid certain of its expenses through 5 personal bank accounts registered under the name of 4 employees (collectively, the “Arrangements”).

We adopted the Arrangements since January 2008 for convenience and efficiency purposes because corporate accounts generally had less flexibility in the PRC at the time we utilized the personal accounts. For instance, a depositing party could only deposit cash directly to corporate bank accounts at bank branches which are of the same local bank as the recipient’s. Further, fund transfers through online banking by corporate bank accounts were only available during office hours of the bank branches, while a personal account can conduct fund transfers through online banking at any time.

Under the Arrangements, transfer of funds from the personal accounts could only be effected by our designated cashier (the “Designated Cashier”), who was responsible for keeping the relevant bank debit cards, passbooks and passwords of the personal accounts. Ms. Liu Limei (“Ms. Liu”) was appointed as the Designated Cashier during the period from September 2008 to March 2013. After that, Ms. Cai Yuetan (“Ms. Cai”) was appointed as the Designated Cashier. The Designated Cashier was not the registered owner of any personal accounts. To ensure that the Designated Cashier would not commit fraud when managing the personal accounts, we designated another cashier (the “Second Cashier”) to monitor the transfer of funds of the personal accounts executed by the Designated Cashier. Ms. Xu Manzhi (“Ms. Xu”), who was also one of the personal account holders, was appointed as the Second Cashier during the period from November 2011 to April 2014. After that, Ms. Wang Wenping (“Ms. Wang”) was designated as the Second Cashier. The Directors confirm that due to their satisfactory performance, Ms. Liu and Ms. Xu ceased to be cashiers in March 2013 and April 2014,

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respectively, and were then appointed as accountants in our Group which require higher accounting skill and qualification. To the best of the Directors' knowledge, Ms. Liu, Ms. Cai, Ms. Xu and Ms. Wang are independent of each other and do not have any relationships with our company, our Shareholders, our Directors, senior management or any of their respective associates.

The Designated Cashier logged onto websites of the relevant banks and used the passwords to access the personal accounts so that the Second Cashier could download the full set of online statements of the personal accounts. The Second Cashier provided such statements to the treasurer of our finance department on a daily basis to examine the transaction records and balances of the personal accounts against the relevant money transfer form(s) (the "Money Transfer Form(s)") pre-approved by our finance department and Mr. Huang Junmou to ensure that all funds transferred out of the personal accounts were only used for the specific purposes stated in the Money Transfer Forms and were not misappropriated. The treasurer of our finance department would also check the transaction records and balances in the online statement against fund receipts records, invoices of suppliers and/or goods receipt notes of our Group (if applicable) to ensure that all funds transferred out of the personal accounts reconciled with relevant supporting documents. Our finance department would monitor the transfer of funds in the personal accounts and check among others, if the transfer of funds in the personal accounts reconciled with the transaction records in our 007ka Top-up Platform, inventory records and/or sale and purchase invoices (if applicable). The transactions of the personal accounts will be recorded in our accounting system by our accounting staff on a daily basis and will be counter-checked by our accounting supervisor on a weekly basis against receipt records, bank payment advice and payment vouchers. On a monthly basis, our accounting staff will check the bank ledger against the monthly statements of personal accounts and reconcile any difference (if any). In the event that the aforesaid employees noticed any unauthorized or abnormal transactions through the personal accounts, they would report their findings directly to Xu Xinhua, the supervisor of Shenzhen NNK, who is responsible for monitoring the business operation of our Group. The Directors confirm that no irregularities were noted up to the cessation of the Arrangements.

In general, we set similar criteria to select the Designated Cashier and the Second Cashier taking into various factors, including work experience, work performance, academic background, personality, creditworthiness and professional qualifications. However, due to the different nature of work of the two cashiers, we set specific requirements for the knowledge and skills for the Designated Cashier and the Second Cashier, respectively. According to their job requirements, the Designated Cashier was required to be proficient in the fund transfer process and be familiar with the specific procedures required for the fund transfers. In contrast, the Second Cashier had to be competent in reviewing data and monitoring the fund transfer process.

We may recruit the cashiers either transferred internally or directly employed externally. We had in place an inter-department promotion policy for employees of our customer service department. The employees of our customer service department whose work performance was superior could apply for vacant positions in our other departments if they were interested. Their applications would be assessed by the head of the customer service department, who would make appropriate recommendations to the head of the department with vacancies.

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Ms. Cai and Ms. Xu joined our company in 2011 and 2010, respectively. They had worked in our customer service department for a period of time before they applied for vacant positions as cashiers. Taking into account their work performance in their respective roles in our Group, their suitability to work as cashiers, the recommendations from their department head, competence, creditworthiness and personality, we designated Ms. Cai and Ms. Xu as our cashiers. Ms. Xu was designated as the Second Cashier on November 2, 2011 and became one of the personal account holders on November 30, 2011. Given that (i) it was the Designated Cashier who was responsible for keeping the passwords of the personal accounts and operating the personal accounts; (ii) the Second Cashier was only responsible for monitoring the fund transfers in the personal accounts and did not have access to the personal accounts and, therefore, could not change the information, including the passwords, of the personal accounts; and (iii) we considered that the detective and preventive internal control measures in place in respect of the Arrangements involved clear segregation of duties of authorizing, execution, checking and book keeping, and were sufficient and effective even though the Second Cashier was also one of the personal account holders, our Directors are of the view that, from the management and operational perspective, the identity of the personal account holder would not materially affect our business operations and therefore picked Ms. Xu as the personal account holder on November 30, 2011. Given the above, the Directors consider that the fact that Ms. Xu was the Second Cashier and one of the personal account holders would not affect the effectiveness of the internal control measures in preventing misappropriation of funds by any entity or individual, fraud, loss of cash, money laundering or tax evasion through the relevant personal accounts.

We recruited Ms. Liu and Ms. Wang as our cashiers in 2008 and 2014, respectively, when we had vacancies in the cashier positions. We recruited them as cashiers after considering results of their background check, which include, among other things, their work experience, academic background and professional qualifications. Both Ms. Liu and Ms. Wang have PRC accounting qualifications and satisfied the criteria we set for the cashier positions.

In the past, our cashiers, either directly employed by us or transferred from other departments, had been able to satisfy the job requirements. Considering the factors above, our Directors are of the view that Ms. Liu, Ms. Cai, Ms. Xu and Ms. Wang were competent, reliable and trustworthy, and therefore, were suitable to act as cashiers for purposes of the personal accounts.

During the years ended December 31, 2012, 2013 and 2014, the total amount collected under the Arrangements with Shenzhen NNK in relation to our provision of mobile top-up services was approximately RMB68.9 million, RMB47.2 million and RMB37.3 million, accounting for approximately 1.2%, 0.5% and 0.2% of our total gross transaction value with mobile users, respectively. The amount paid under the Arrangements with Shenzhen NNK in relation to our purchase of mobile top-up credits amounted to approximately RMB74.1 million, RMB211.8 million and RMB185.5 million, accounting for approximately 1.3%, 2.1% and 1.2% of our total sourcing cost, respectively, during the same periods. As of December 31, 2012, 2013 and 2014, approximately RMB3.3 million, RMB2.2 million and nil, respectively, kept in the personal accounts of Shenzhen NNK, were included in our cash and cash equivalents. We ceased all the Arrangements in August 2014 and all of the outstanding amounts in the personal accounts had been settled with our corporate bank accounts and all the personal accounts had been terminated in November 2014.

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During the years ended December 31, 2012, 2013 and 2014, the total amount paid under the Arrangements with Shenzhou Tongfu and its subsidiary was approximately RMB1.4 million, RMB1.2 million and RMB2.1 million, respectively, and the amount collected under the Arrangements with Shenzhou Tongfu and its subsidiary was approximately RMB1.6 million, RMB1.1 million and RMB1.9 million, respectively. As of December 31, 2012, 2013 and 2014, approximately RMB0.2 million, RMB0.1 million and nil, respectively, kept in the personal accounts of Shenzhou Tongfu and its subsidiary, were included in our cash and cash equivalents. Shenzhou Tongfu ceased all the Arrangements in July 2014 and all of the outstanding amounts under the Arrangements had been settled with its corporate bank accounts and all the personal accounts had been terminated in July 2014.

Internal control measures on the Arrangements

Our Group adopted the following series of preventive and detective internal control measures, through the segregation of duties of authorizing, execution, checking and book keeping function of fund transfer from the personal accounts, to ensure that (i) all funds deposited in the relevant personal accounts were corporate funds and used solely for our Group's operations and were not misappropriated by any entity or individual; and (ii) no incident of fraud, loss of cash, money laundering or tax evasion had occurred under the Arrangements:

- (i) after the personal accounts were opened, all the relevant bank debit cards, passbooks and initial passwords were passed to the Designated Cashier for central management. The Designated Cashier then changed the password for each of the personal accounts to ensure that no other individuals could get access to the personal accounts for fund transfer. All relevant bank debit cards and passbooks were kept in a safe. This preventive control could prevent other entity or individual from executing any transfer of fund through the personal accounts;
- (ii) the mobile phone number of the Designated Cashier was provided to the relevant banks as contact number so that the relevant banks could send transaction notices to such contact number, allowing the Designated Cashier to manage the transaction flows of the personal accounts and detect any unauthorized or abnormal use of the personal accounts by other entity or individual as a detective control;
- (iii) if any account holders applied for a loss of bank debit cards or passbooks or requested to replace or change the passwords, the personal accounts would be frozen for seven days or more in accordance with the pre-settings and no fund transfer could be carried out. This measure could detect any account holder attempting to change the account settings and could prevent any misappropriation of funds in the personal accounts by the account holders;
- (iv) an account code was designated to each of the personal accounts in the accounting system of our Group to facilitate the proper book keeping of transactions under each of the personal accounts in our accounting system;

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- (v) any employee (including the Designated Cashier) requesting any transfer of funds to make payments for our Group's business (whether through the personal accounts or not) was required to complete the Money Transfer Form indicating the amount of funds needed and the purpose of the transfer, which needed to be jointly approved by our finance department and Huang Junmou. The Designated Cashier would only execute the payments in accordance with the duly authorized Money Transfer Form. This preventive control could prevent any unauthorized payments through personal accounts under the Arrangements;
- (vi) after the Designated Cashier input the passwords, the Second Cashier downloaded the relevant online statements of the personal accounts on a daily basis. The Designated Cashier logged onto websites of the relevant banks and used the passwords to access the personal accounts so that the Second Cashier could download and provide such statements to the treasurer of our finance department to examine the transaction records and balances of the personal accounts against the relevant Money Transfer Forms to ensure that all funds transferred out of the personal accounts were only used for the specific purposes stated in the Money Transfer Forms and were not misappropriated. This detective control could detect whether the Designated Cashier has executed any payments that were not properly authorized;
- (vii) the treasurer of our finance department would also check the transaction records and balances in the online statements against fund receipts records, invoices of suppliers and/or goods receipt notes of our Group (if applicable) to ensure that all funds transferred out of the personal accounts reconciled with the relevant supporting documents, and thus were authentic and accurate;
- (viii) our finance department will check any fund received or paid in the personal accounts with the transaction records in our 007ka Top-up Platform, inventory records and/or sale and purchase invoices (if applicable). This detective control could ensure the fund received or paid in the personal accounts were authentic, accurate and complete;
- (ix) all the transactions of the personal accounts will be recorded in our accounting system by our accounting staff on a daily basis and will be counter-checked by our accounting supervisor on a weekly basis against receipt records, bank payment advice and payment vouchers. On a monthly basis, our accounting staff will check the bank ledger against the monthly statements of personal accounts and reconcile any difference. This detective control could ensure the accounting books and records were complete and accurate;
- (x) in order to enhance the security of the funds received under the Arrangements, when the balance of a personal account exceeded RMB1.0 million, the amount exceeding RMB1.0 million would be transferred to our corporate bank accounts generally within five working days after taking into account the fund required for our payments including the purchase of mobile top-up credits in the coming week. Such balance would be transferred to Company's corporate bank accounts if it was not utilized for our payments. The frequency of such transfer varied from time to time depending on the balances of the personal accounts. The Second Cashier and the treasurer of our finance department would monitor the balances of the personal accounts on a daily basis. Once they discovered that the balance of a personal

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account exceeded RMB1.0 million after taking into account our payments, they would inform the Designated Cashier who would then initiate the fund transfer by filling in the Money Transfer Form, which indicated the amount of funds transferred to our corporate bank accounts. Such Money Transfer Form was required for each fund transfer. The Money Transfer Form must have been jointly approved by the treasurer of our finance department and Huang Junmou. The Designated Cashier would then execute the transfers in accordance with the duly authorized Money Transfer Form. The treasurer of our finance department would examine the transaction records and balances of the personal accounts against the relevant Money Transfer Form to ensure that all funds transferred out of the personal accounts were remitted into our corporate bank accounts. In addition, on a monthly basis, the treasurer of our finance department would check the monthly statements of the personal accounts to ensure that the internal control measures relating to the transfers from the personal accounts to our Group's corporate bank accounts as discussed above were properly followed; and

- (xi) in the event that the aforesaid employees noticed any unauthorized or abnormal transactions through the personal accounts, they would report their findings directly to Xu Xinhua, the supervisor of Shenzhen NNK, who is responsible for monitoring the business operation of our Group and is independent with all individuals involved in the Arrangements.

The above internal control measures included both preventive and detective control measures, including the segregation of duties of authorizing, executing, checking and book keeping function of fund transfers under the Arrangements by designating different personnel to different roles during the fund transfer process. Our Directors confirm that (i) the Arrangements were solely used for our business operations during the Track Record Period so that we were not required to separate any personal money and our own corporate money under the Arrangements; (ii) no personal money of the Controlling Shareholders or connected persons was deposited in the personal accounts; (iii) no money in the personal accounts was withdrawn for personal use; (iv) there had not been any misappropriation of funds, incident of fraud, loss of cash, money laundering or tax evasion as a result of the Arrangements during the Track Record Period; and (v) we have fully settled all the relevant tax payments in respect of the revenue recorded under the Arrangements. Based on the above, the Directors are of the view that Ms. Xu, being the Second Cashier and one of the personal account holders, would not affect the effectiveness of the aforesaid controls in preventing misappropriation of funds by any entity or individual, fraud, loss of cash, money laundering or tax evasion through the relevant personal accounts.

Prior to our cessation of the Arrangements, we had been able to obtain corporate bank cards from our accounting opening banks which would allow us to transfer funds through online banking at any time. With such corporate bank cards, we will be able to receive proceeds from mobile top-up services we provide, source mobile top-up credits and pay expenses at any time. We have adopted certain internal control measures to prevent the use of personal accounts for these purposes, including revising our fund management policies to ensure that all the corporate transactions in particular, the proceeds we receive from providing mobile top-up services and payments we make to source mobile top-up credits and our expenses are settled through our corporate accounts. Mr. Luo Mingxing, our executive Director and chief financial officer, is responsible for ensuring proper implementation of the measures stated in our revised fund management policies. Given that (i) we can now conduct the

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transactions previously under the Arrangements through corporate bank cards in the same manner as the personal accounts; and (ii) there has been no material adverse change to our financial position and financial performance subsequent to November 30, 2014, we believe that there would not be any material financial and operational impact on our company as a result of the cessation of the personal accounts.

Our Directors confirm that, during the Track Record Period, (i) the personal accounts were solely used for our business operations; (ii) no personal fund was deposited into the personal accounts; and (iii) no fund in the personal accounts was taken out for personal use. Our Directors further confirm that, as of the Latest Practicable Date, (i) the principal purpose of setting up the personal accounts was to receive proceeds from mobile top-up services we provided, source mobile top-up credits from the PRC telecommunication operators and their distributors and pay expenses of our Group in a timely manner; (ii) there was no dispute between the personal account holders involving in the Arrangements and our Group; and (iii) we had not been challenged or subject to any regulatory actions by any governmental authorities in China. Our Directors are of the view that we have adequate internal control procedures in place for the purpose of Rule 3A.15(5) of the Listing Rules.

The Sole Sponsor has performed the following due diligence work to assess the internal control procedures adopted by the Group for the Arrangements:

- (i) discussed in details with the chief financial officer of the Group regarding the internal control measures in respect of the Arrangements, and noted that (a) the chief financial officer and the registered owners of the personal accounts did not have access to the personal accounts; (b) only the Designated Cashier (who was not the registered owner of any personal accounts) could get access to the relevant bank debit cards, passbooks and passwords of the personal accounts; (c) any employee (including the Designated Cashier) requesting any payments for the Group's business (whether through the personal accounts or not) was required to complete the Money Transfer Form which needed to be jointly approved by the finance department and Mr. Huang Junmou; (d) the Designated Cashier input the passwords to access the personal accounts so that the Second Cashier could download the relevant online statements of the personal accounts on a daily basis. The Second Cashier provide such statements to the treasurer of our finance department to examine the transaction records and balances of the personal accounts against the relevant Money Transfer Form to ensure that all funds transferred out of the personal accounts were only used for the specific purposes authorised in the Money Transfer Forms and were not misappropriated; (e) an account code was designated to each of the personal accounts in the accounting system of the Group; and (f) any balance of a personal account exceeding RMB1.0 million would be transferred to our corporate bank accounts generally within five working days after taking into account the fund required for our payments including the purchase of mobile top-up credits in the coming week;
- (ii) interviewed the Designated Cashier and was advised that (a) the Designated Cashier would change the password of each personal account after the personal account was opened to ensure that no other persons could use the personal account for fund transfer; (b) all relevant bank debit cards, passbooks and passwords of the personal accounts were strictly

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- secured by the Designated Cashier and not accessible by any other person; (c) the Designated Cashier was the only person who could process the transactions through the personal accounts; and (d) the Designated Cashier has properly performed the internal control procedures as described above;
- (iii) interviewed the Second Cashier and was advised that the Second Cashier did not have access to the personal accounts and the Second Cashier has properly performed the internal control procedures as described above;
 - (iv) interviewed the registered owners of the personal accounts to understand their roles in the Arrangements and was advised that they authorized our Group to use their personal accounts and did not have access to the personal accounts. They confirmed that no personal fund was deposited into the personal accounts and no fund in the personal accounts was taken out for personal use;
 - (v) reviewed the internal control review report (the “Review Report”) prepared by an independent internal control consultant (the “Internal Control Consultant”) and noted that the above internal control procedures are consistent with its understanding and work performed;
 - (vi) interviewed the Internal Control Consultant and discussed, among other things, its expertise and experience, its scope of work and methodologies adopted and noted that (a) there was no limitation on the scope of work which might adversely impact on the findings given by the Review Report; and (b) the Internal Control Consultant has reviewed and tested relevant control measures in relation to the Arrangements during the Track Record Period and noted that our Group has implemented the recommendations proposed by the Internal Control Consultant;
 - (vii) performed walkthrough tests on the internal control measures in respect of the Arrangements and noted that the documentations were consistent with the representations of the management and staff of our Group and the understanding of the Internal Control Consultant;
 - (viii) performed testing of internal control procedures in respect of the Arrangements on a sampling basis. For transactions being selected, the Sole Sponsor understood the nature of the transactions and inspected the underlying evidences of internal control procedures;
 - (ix) obtained and reviewed all statements of the personal accounts used by our Group since their opening dates up to the dates when our Group ceased to use the personal accounts; and
 - (x) obtained confirmation letters from the registered owners of the personal accounts and they confirmed that the personal accounts were solely used for our Group’s business and they have no ownership of the personal accounts.

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Having considered the above, in particular that (i) the above internal control procedures include both preventive and detective controls to uncover any unauthorised or abnormal transactions through the personal accounts; (ii) the clear segregation of duties of authorising, execution, checking and book keeping function of the Arrangements by designating different personnel to different roles of the Arrangements; (iii) reviewed the Review Report prepared by the Internal Control Consultant and noted that the above internal control procedures are consistent with its understanding and work performed; and (iv) the walkthrough tests and testing of internal control procedures performed in respect of the Arrangements indicating that the controls in place were operating effectively, the Sole Sponsor concurred with the view of the Directors that internal control procedures adopted by the Group for the Arrangements were adequate and operating effectively to achieve the control objective to ensure the authenticity, accuracy and completeness of the transactions under the Arrangements, and that Ms. Xu, being the Second Cashier and one of the personal account holders, would not affect the effectiveness of the aforesaid controls in preventing misappropriation of funds by any entity or individual, fraud, loss of cash, money laundering or tax evasion through the relevant personal accounts.

Authenticity, accuracy and completeness of the transactions under the Arrangements

The Sole Sponsor has performed the following due diligence work to assess the authenticity of the transactions under the Arrangements and the accuracy and completeness of the Group's financial information.

- (i) performed the due diligence work as described above to ensure that the personal accounts were solely used for our Group's operations so that our Group was not required to separate any personal money and our Group's corporate money in the personal accounts;
- (ii) obtained and reviewed all statements of the personal accounts used by our Group since their opening dates up to the dates when our Group ceased to use the personal accounts;
- (iii) checked, on a sampling basis, from the statements of the personal accounts to the underlying supporting documents to test the completeness and accuracy of the transactions under the Arrangements and noted that the personal account information was properly recorded in our Group's account books;
- (iv) checked, on a sampling basis, from the accounting records to the statements of the personal accounts to test the accuracy and existence of the transactions under the Arrangements and noted that the accounting records were consistent with the underlying supporting documents and the statements of the personal accounts;
- (v) discussed in details with the chief financial officer of our Group regarding the background and commercial rationale of the Arrangements and the transaction flow, the system flow and the internal control measures adopted in respect of the Arrangements;
- (vi) discussed with the relevant professional parties in relation to the Arrangements;

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- (vii) interviewed the registered owners of the personal accounts, the Designated Cashier and the Second Cashier in respect of the internal control procedures relating to the Arrangements;
- (viii) interviewed the relevant tax bureau of Shenzhen NNK and was informed that (a) the Arrangements did not constitute a violation of relevant PRC laws and regulations in relation to tax; and (b) such Arrangements would not subject Shenzhen NNK to any fines or penalties by the tax administration authorities during the Track Record Period;
- (ix) obtained and reviewed the tax certificates of Shenzhen NNK issued by the relevant tax bureau, which indicated that no penalty was imposed to Shenzhen NNK during the Track Record Period; and
- (x) performed testing of internal control procedures in respect of the Arrangements on a sampling basis. For transactions being selected, the Sole Sponsor understood the nature of the transactions and inspected the underlying evidences of internal control procedures and noted that the documentations were consistent with the representations of the chief financial officer of our Group and the understanding of the Internal Control Consultant.

The Sole Sponsor, after performing the above due diligence work, has no reasonable grounds to believe that the transactions under the Arrangements were not genuine or contained any material omissions or misstatements. Notwithstanding the above, the Sole Sponsor considered that the usage of the Arrangements was not appropriate. The Sole Sponsor and the Internal Control Consultant therefore recommended our Company to cease the usage of the personal accounts and implement internal control measures to prevent the use of personal accounts going forward. All the Arrangements ceased in August 2014 and all of the outstanding amounts in the personal accounts had been settled with the corporate bank accounts of our Group and all the personal accounts had been terminated in November 2014. The Sole Sponsor and the Internal Control Consultant noted that our Company has implemented the proposed recommendations. No similar findings were noted in the follow-up review of the Internal Control Consultant.

Relevant PRC laws and regulations

Our PRC Legal Advisor is of the view that we are not in violation of the PRC Company Law based on the following. As introduced by the Legislative Affairs Commission of the Standing Committee of the National People's Congress (全國人大常委會法制工作委員會) in The Legislative Explanation of PRC Company Law (《中華人民共和國公司法釋義》) published in March 2013, to avoid the misappropriation of the company's assets by any entity or individual, assets of a company may not be deposited in any personal bank account for saving purpose. However, the Arrangements were not adopted by us for saving purpose, and we had neither the intention nor the action of the misappropriation of company assets. We used the accounts for purpose of processing cash receipts and payments on behalf of us. Any fund received in the personal accounts under the Arrangements was temporary and was finally settled with our corporate bank accounts. No corporate fund was deposited into the personal accounts for saving purpose and no fund in the personal accounts was taken out for personal use under the Arrangements. As at the Latest Practicable Date, all the Arrangements had

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ceased and no misappropriation of our assets had taken place. On the contrary, the Arrangements facilitated our business operation. On July 30, 2015, our PRC Legal Advisor and the Sole Sponsor conducted an interview with the Shenzhen branch of the PBOC, who was of the view that the Arrangements were not in violation of the PRC Company Law or other relevant PRC laws and regulations, on the premise that the Arrangements were not adopted by the Group for saving purpose. Given the above, in particular, (i) no fund was deposited in the personal accounts under the Arrangements for saving purpose; (ii) the personal accounts under the Arrangements served to process cash receipts and payments on behalf of us; and (iii) the PRC Company Law has no clear guidance on the penalties or other relevant administrative sanctions that may be imposed on a company if the company is found to have deposited company assets in personal accounts for saving purpose, our PRC Legal Advisor is of the view that the Arrangements were not in violation of the PRC Company Law, and the likelihood of our Group's being subject to any liability or penalty by virtue of the Arrangements according to the PRC Company Law is remote.

Further, our PRC Legal Advisor conducted an interview with the Shenzhen branch of the PBOC, the supervising authority of our bank accounts and the third-party payment accounts as advised by our PRC Legal Advisor, on December 1, 2014, who was of the view that (i) the Arrangements were not in violation of the Measures for the Administration of Renminbi Bank Settlement Accounts (《人民幣銀行結算帳戶管理辦法》), on the premises that such Arrangements were temporary and the transactions were finally settled with us; and (ii) such Arrangements had already ceased, and therefore would not subject us to any fines or penalties by the People's Bank of China. On May 25, 2015, our Company obtained a written confirmation letter from the Shenzhen branch of the PBOC, confirming that Shenzhen NNK had not been subject to any administrative penalty as a result of any breach of the applicable PRC laws and regulations in relation to the PBOC during the Track Record Period.

On May 11, 2015, the Sole Sponsor and our PRC Legal Advisor conducted an interview with two officers of the Local Taxation Bureau of Nanshan District, Shenzhen (深圳市南山區地方稅務局). On May 13, 2015, the Sole Sponsor and our PRC Legal Advisor conducted an interview with two officers of the Nanshan Branch of Shenzhen Provincial Office of the SAT (深圳市南山區國家稅務局). The two tax administration departments are the competent authorities for tax filings and payment matters of Shenzhen NNK as advised by our PRC Legal Advisor. It is confirmed by the officers through the interviews that: (i) the Arrangements did not constitute a violation of relevant PRC tax laws and regulations; and (ii) such Arrangements would not subject us to any fines or penalties by the tax administration authorities. On June 27, 2014, January 26, 2015, July 23, 2015 and October 21, 2015, our Company obtained written confirmation letters from the Local Taxation Bureau of Nanshan District, Shenzhen. On August 8, 2014, January 26, July 23, 2015 and October 21, 2015, our Company obtained written confirmation letters from the Nanshan Branch of Shenzhen Provincial Office of the SAT. The confirmation letters stated that Shenzhen NNK had no record for violation of relevant PRC tax laws and regulations during the Track Record Period.

Based on the above, our PRC Legal Advisor is of the view that (i) the Arrangements did not violate the relevant PRC laws and regulations, including the Measures for the Administration of Renminbi Bank Settlement Accounts, the PRC Company Law and relevant PRC laws and regulations in relation to tax; and (ii) the likelihood of our Group's being subject to any liability or penalty by virtue of the Arrangements is remote.

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Trade payables

Our trade payables primarily comprise commission fees payable to PRC banks. Trade payables are non-interest bearing. We are normally granted a credit period of about 90 days. We have financial risk management policies in place to ensure that all payables are within the credit time frame.

Our trade payables increased from approximately RMB7.5 million as of December 31, 2012 to approximately RMB32.4 million as of December 31, 2013, mainly reflecting the longer credit period allowed by a PRC bank as a result of our enhanced relationship with the PRC Bank. Our trade payables further increased to approximately RMB54.1 million as of December 31, 2014, primarily for the same reason. Our trade payables remained stable at approximately RMB54.1 million as of September 30, 2015.

The following table sets forth the aging analysis of our trade payables presented based on the invoice date as of the dates indicated:

	As of December 31,			As of September 30,
	2012	2013	2014	2015
	(RMB in thousands)			
0 to 90 days	7,522	17,971	20,928	18,582
91 to 180 days	—	14,383	7,780	8,315
181 to 360 days	—	—	25,351	27,224
Total	<u>7,522</u>	<u>32,354</u>	<u>54,059</u>	<u>54,121</u>

Although we generally pay the commission fees to our PRC bank partners on a monthly or quarterly basis, we were allowed a longer credit period by one of our PRC bank partners in 2013 and 2014 and the first quarter of 2015 as a result of our enhanced business relationship with such PRC bank partner. Therefore, we had trade payables aged 91 to 180 days in the amount of approximately RMB14.4 million, RMB7.8 million and RMB8.3 million as of December 31, 2013 and 2014 and September 30, 2015, respectively, and trade payables aged 181 to 360 days in the amount of approximately RMB25.4 million and RMB27.2 million as of December 31, 2014 and September 30, 2015, respectively.

The following table sets forth the turnover days for our trade payables for the periods indicated.

	Year ended December 31,			Nine months ended September 30,
	2012	2013	2014	2015
Trade payable turnover days ⁽¹⁾	<u>84</u>	<u>114</u>	<u>149</u>	<u>172</u>

(1) Trade payables turnover days for each of the years ended December 31, 2012, 2013, 2014 and the nine months ended September 30, 2015 are computed by the average of the beginning and ending balances of trade payables of that year/period, divided by cost of revenue for that year/period and multiplied by 365 days for a year or 273 days for the nine months ended September 30, 2015.

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Our trade payable turnover days increased from approximately 84 days in the year ended December 31, 2012 to approximately 114 days for the year ended December 31, 2013, and further to approximately 149 days in 2014 and to approximately 172 days for the nine months ended September 30, 2015, primarily because of the longer credit period allowed by a PRC bank as a result of our enhanced relationship with the PRC bank. We are usually required to pay the commission fees to the PRC bank when it sends us a request. As at the Latest Practicable Date, approximately RMB6.4 million, or 11.7%, of our trade payables as at September 30, 2015 had been settled.

Other payables

Our other payables mainly represent prepayments from customers and accrued salaries. The following table sets forth the breakdown of other payables as of December 31, 2012, 2013 and 2014 and September 30, 2015:

	As of December 31,			As of September 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Receipts in advance	7,179	16,872	16,637	27,700
Accrued salaries.....	1,717	3,433	2,755	1,815
Other taxes payable	296	656	892	1,326
Payable for listing expense	—	—	—	3,080
Others	681	2,600	454	711
Total	9,873	23,561	20,738	34,632

Our other payables increased by approximately RMB13.7 million, or 138.6%, from approximately RMB9.9 million as of December 31, 2012 to approximately RMB23.6 million as of December 31, 2013, primarily reflecting (i) an increase in receipts in advance from our customers as a result of our business expansion; (ii) an increase in accrued salaries attributable to the increase in benefits and other incentives and the hiring of additional staff; and (iii) the payable for server hosting fees as included in others as of December 31, 2013. Our other payables decreased by approximately RMB2.8 million, or 12.0%, from approximately RMB23.6 million as of December 31, 2013 to approximately RMB20.7 million as of December 31, 2014 primarily because of (i) the settlement of the payable for the server hosting fees as of December 31, 2013; and (ii) the decrease in accrued salaries due to the decrease in the number of employees resulting from the disposal of Shenzhou Tongfu and its subsidiary. Our other payables increased by approximately RMB13.9 million, or 67.0%, from approximately RMB20.7 million as of December 31, 2014 to approximately RMB34.6 million as of September 30, 2015, primarily attributable to (i) the increase in receipts in advance from our customers of approximately RMB11.1 million; and (ii) the payable for listing expenses of approximately RMB3.1 million as of September 30, 2015, partially offset by the decrease in accrued salaries of approximately RMB0.9 million because we paid bonus for the year of 2014 to our employees in the nine months ended September 30, 2015.

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WORKING CAPITAL

Taking into account the financial resources available to us, including the cash flow from operating activities, existing available credit facilities and the estimated net proceeds from the Global Offering, our Directors are of the view that, after due and careful inquiry, we have sufficient funds to meet our working capital requirements for at least the next 12 months from the date of this prospectus.

INDEBTEDNESS

The following table sets forth the components of our indebtedness as of the dates indicated.

	As of December 31,			As of September 30,	As of October 31,
	2012	2013	2014	2015	2015
					(unaudited)
	(RMB in thousands)				
Current:					
Bank borrowings - guaranteed and secured	—	—	—	7,467	8,424
Bank borrowings - guaranteed and unsecured.....	45,000	203,000	103,000	344,999	305,000
Bank borrowings - non-guaranteed and secured ...	34,400	35,000	—	—	—
Loan from a related company.....	20,000	—	—	—	—
Loan from Shareholders	30,100	—	—	—	—
Amounts due to related companies.....	40	2,225	99,452	—	—
Amounts due to Shareholders.....	1,396	—	—	—	—
Dividends payable.....	—	—	30,000	—	—
Total.....	<u>130,936</u>	<u>240,225</u>	<u>232,452</u>	<u>352,466</u>	<u>313,424</u>

Bank borrowings

We had short-term bank borrowings of approximately RMB79.4 million, RMB238.0 million, RMB103.0 million and RMB352.5 million as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Our bank borrowings increased as of December 31, 2013 as compared to December 31, 2012 primarily due to the increase in mobile top-up credits we sourced from PRC telecommunication operators and their distributors in response to the expansion of our business. Our bank borrowings decreased as of December 31, 2014 because we paid off loans in an aggregate amount of approximately RMB154.5 million in December 2014. Our bank borrowings increased by approximately RMB249.5 million as of September 30, 2015, as compared to December 31, 2014,

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mainly because of the new bank loans we borrowed during the nine months ended September 30, 2015, primarily for purposes of sourcing mobile top-up credits from PRC telecommunication operators and their distributors in response to the expansion of our business. We incurred short-term banking borrowings primarily for the purpose of sourcing mobile top-up credits.

As of December 31, 2012 and 2013, approximately RMB34.4 million and RMB35.0 million of bank borrowings were secured by the properties held by an individual, who is an Independent Third Party. For details of such arrangement, see “Principal Income Statement Components — Other income and expenses”. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our unsecured bank borrowings amounted to approximately RMB45.0 million, RMB203.0 million, RMB103.0 million and RMB345.0 million, respectively, which were guaranteed by Shenzhou Tongfu, Sinomaster Investment, Global Star, Huang Junmou, Yang Hua, Li Xiangcheng and Huang Shaowu. As of September 30, 2015, approximately RMB7.5 million of our bank borrowings was secured by our bank deposit and guaranteed by a bank.

Other than a bank borrowing as of September 30, 2015 amounting to RMB7,467,000 which was denominated in HK\$, all of our bank borrowings were denominated in RMB. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, the weighted average effective interest rates of our bank borrowings were approximately 8.09%, 6.16%, 6.85% and 5.94%, respectively. As of December 31, 2012, 2013 and 2014 and September 30, 2015, we had available unutilized banking facilities of approximately RMB0.6 million, RMB12.0 million, nil and RMB66.5 million, respectively.

As of October 31, 2015, being the most recent practicable date for the purpose of this indebtedness statement in this prospectus, we had bank borrowings of approximately RMB313.4 million.

As of October 31, 2015, being the most recent practicable date for the purpose of this indebtedness statement in this prospectus, we had available unutilized banking facilities of approximately RMB106.2 million. Among the total bank borrowings as of October 31, 2015, approximately RMB305.0 million was unsecured and guaranteed by Shenzhou Tongfu, Sinomaster Investment, Global Star, Huang Junmou, Yang Hua, Li Xiangcheng and Huang Shaowu, and approximately RMB8.4 million was secured by our bank deposit and guaranteed by a bank. Upon Listing, all guarantees provided by our Controlling Shareholders will be released and replaced by corporate guarantees provided by our Company. It is not expected to have any material change in terms of the bank borrowing upon release of the aforesaid guarantees and changes.

Our Directors confirm that we have not experienced significant difficulties in obtaining loans or breach of financial covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that there are no material covenants relating to our outstanding bank borrowings.

Loans from Shareholders/a related company

We had loans from Shareholders and a related company of RMB50.1 million, nil, nil and nil as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Such loans were unsecured, repayable on demand and carried fixed interest rates ranging from 7.0% to 12.0% per annum. We borrowed such loans to meet our working capital requirements. Such loans were fully settled in 2013.

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Amounts due to related companies

We had amounts due to related companies of RMB40,000, RMB2.2 million, RMB99.5 million and nil as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. The amounts are unsecured, interest-free and repayable on demand. All amounts due to related companies had been settled as of the Latest Practicable Date.

Amounts due to Shareholders

We had amounts due to shareholders of approximately RMB1.4 million, nil, nil and nil as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. The amounts were unsecured, interest-free and repayable on demand and had been settled as of the Latest Practicable Date.

Dividends payable

For the years ended December 31, 2012 and 2013 and the nine months ended September 30, 2015, we did not declare or pay any dividend to our shareholders. For the year ended December 31, 2014, we declared dividends of RMB30.0 million, which were paid in March 2015.

Operating lease commitment

We lease all of our office premises under operating lease arrangements. Operating lease payments represent rental fees payable by us for office premises. Lease of rented premises are negotiated with fixed lease terms from one to three years.

The table below sets forth our future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As of December 31,			As of
	2012	2013	2014	September 30,
				2015
	(RMB in thousands)			
Within one year	1,595	2,747	1,846	1,423
In the second to fifth years inclusive	2,979	3,285	466	305
Total	<u>4,574</u>	<u>6,032</u>	<u>2,312</u>	<u>1,728</u>

Capital commitments

We had no material capital commitments contracted for but not provided for as of December 31, 2012, 2013 and 2014 and September 30, 2015.

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Contingent liabilities and guarantees

As of the Latest Practicable Date, we did not have any unrecorded material contingent liabilities, guarantees or any litigation against us.

Except as described above, as of October 31, 2015, we did not have any other outstanding loan capital, debt securities, indebtedness, debentures, bank overdrafts, liabilities under acceptance or acceptance credits of hire purchase commitments, guarantees or other material contingent liabilities.

Save for the above, our Directors confirm that there has not been any material change in our indebtedness and contingent liabilities since October 31, 2015 and up to the Latest Practicable Date.

CAPITAL EXPENDITURE

Our capital expenditures primarily consisted of the procurement of computer and office equipment. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, our additions of property, plant and equipment amounted to approximately RMB2.9 million, RMB11.4 million, RMB9.9 million and RMB4.4 million, respectively.

The following table sets forth our additions of property, plant and equipment for the years indicated.

	Year ended December 31,			Nine months ended September 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Additions of property, plant and equipment	<u>2,934</u>	<u>11,412</u>	<u>9,901</u>	<u>4,389</u>

We plan to use part of the proceeds from the Global Offering to upgrade our hardware and network infrastructure. For details, see “Future Plans and Use of Proceeds”.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet commitments or arrangements.

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KEY FINANCIAL RATIOS

	Year ended December 31,			Nine months ended September 30,
	2012			2015
	2012	2013	2014	2015
Profitability ratios				
Revenue growth ⁽¹⁾	—	56.4%	63.5%	13.0%
Net profit growth ⁽²⁾	—	23.1%	80.2%	6.7%
Gross margin ⁽³⁾	55.7%	51.3%	50.3%	50.9%
Net profit margin ⁽⁴⁾	28.1%	22.1%	24.4%	20.0%
Return on equity ⁽⁵⁾	45.4%	40.8%	55.6%	N/A
Return on total assets ⁽⁶⁾	12.0%	8.1%	13.3%	N/A

Notes:

- (1) Calculated by dividing revenue for the year/period by revenue for the previous year/period, minus one and multiplied by 100%.
- (2) Calculated by dividing net profit for the year/period from continuing operation divided by net profit for the previous year/period from continuing operation, minus one and multiplied by 100%.
- (3) Calculated by dividing gross profit by revenue for the year/period and multiplied by 100%.
- (4) Calculated by dividing net profit for the year/period from continuing operation by revenue for the year/period from continuing operation and multiplied by 100%.
- (5) Calculated by dividing net profit for the year/period from continuing operation by total equity as at the end of the year/period and multiplied by 100%.
- (6) Calculated by dividing net profit for the year/period from continuing operation by total assets as at the end of the year/period and multiplied by 100%.

	As of December 31,			As of September 30,
	2012			2015
	2012	2013	2014	2015
Liquidity ratios				
Current ratio ⁽¹⁾	1.33	1.22	1.28	1.28
Quick ratio ⁽²⁾	0.66	0.64	0.82	0.71
Capital adequacy ratios				
Gearing ratio ⁽³⁾	2.42	3.24	2.37	2.62
Interest coverage ratio ⁽⁴⁾	5.38	4.64	5.90	5.32

- (1) Calculated by dividing current assets by current liabilities as at the end of the year/period.
- (2) Calculated by dividing the sum of current assets less inventories by current liabilities as at the end of the year/period.

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- (3) Calculated by dividing the sum of amounts due to related companies, amounts due to Shareholders, loans from a related company, loans from Shareholders, bank borrowings and dividends payable by total equity as at the end of the year/period.
- (4) Calculated by dividing profit for the year/period from continuing operation before finance costs and income tax expenses by finance costs.

Please refer to “Nine months ended September 30, 2015 compared to the nine months ended September 30, 2014”, “Year ended December 31, 2014 compared to the year ended December 31, 2013” and “Year ended December 31, 2013 compared to the year ended December 31, 2012” for a discussion of the factors affecting the growth of revenue and net profit and our gross and net profit margins during the respective years.

Return on equity

Our return on equity decreased from approximately 45.4% for the year ended December 31, 2012 to approximately 40.8% for the year ended December 31, 2013, primarily due to a significant increase in equity attributable to owners of our company from approximately RMB53.8 million as of December 31, 2012 to approximately RMB73.7 million as of December 31, 2013 as a result of our profit generated in 2013. Our return on equity increased from approximately 40.8% in 2013 to approximately 55.6% in 2014, primarily because of a substantial increase in our profit from continuing operation in 2014 as compared with that in 2013 and the dividend declared for 2014 in the amount of RMB30.0 million which reduced the equity account of our company, partially offset by the surplus on the disposal of Shenzhou Tongfu and its subsidiary of approximately RMB25.5 million which was recognized in the equity account of our company.

Return on total assets

Our return on total assets decreased from approximately 12.0% for the year ended December 31, 2012 to approximately 8.1% for the year ended December 31, 2013, primarily due to a substantial increase of total assets mainly resulting from the increase in inventories, trade receivables, amounts due from related companies and cash and cash equivalents. Our return on total assets increased to approximately 13.3% for the year ended December 31, 2014, mainly as a result of a substantial increase in our profit from continuing operation in 2014 as compared with that in 2013.

Current ratio

Our current ratio decreased from approximately 1.33 as of December 31, 2012 to approximately 1.22 as of December 31, 2013, but increased to approximately 1.28 as of December 31, 2014 and September 30, 2015. Our current ratio remained relatively stable during the Track Record Period.

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Quick ratio

Our quick ratio slightly decreased from approximately 0.66 as of December 31, 2012 to approximately 0.64 as of December 31, 2013. Our quick ratio increased to 0.82 as of December 31, 2014, primarily due to the decrease in inventories primarily resulting from our improved inventory control measures related to our sourcing of mobile top-up credits. Our quick ratio slightly decreased from approximately 0.82 as of December 31, 2014 to approximately 0.71 as of September 30, 2015.

Gearing ratio

Our gearing ratio increased from approximately 2.42 as of December 31, 2012 to approximately 3.24 as of December 31, 2013, primarily because of the increase in bank borrowings, but decreased to approximately 2.37 as of December 31, 2014, mainly due to the decrease in bank borrowings and the increase in total equity, partially offset by the increase in the amounts due to related companies. Our gearing ratio increased from approximately 2.37 as of December 31, 2014 to approximately 2.62 as of September 30, 2015, mainly due to the increase in bank borrowings.

Interest coverage ratio

Our interest coverage decreased from approximately 5.38 in 2012 to approximately 4.64 in 2013, primarily due to the increase in our finance costs resulting from our increased bank borrowings. Our interest coverage ratio increased from approximately 4.64 in 2013 to approximately 5.90 in 2014, primarily because of a substantial increase in our profit from continuing operation before finance costs and income tax expenses in 2014. Our interest coverage ratio slightly decreased from approximately 5.90 in 2014 to approximately 5.32 for the nine months ended September 30, 2015.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT FINANCIAL RISK

We are exposed to various types of financial risk in the ordinary course of business, including interest rate risk, credit risk and liquidity risk.

Currency risk

As of September 30, 2015, our Group's bank borrowing amounting to RMB7,467,000 was denominated in HK\$ and this foreign currency exposed our Group to market risk arising from changes in foreign exchange rate. Our Group currently does not have a foreign currency hedging policy. However, the management of our Group will monitor foreign exchange exposure closely and consider the usage of hedging instruments when the need arises.

If a 5% strengthen/weakening of the RMB against HK\$, with all other variable held constant, our Group's post-tax profit for the nine months period ended September 30, 2015 would increase/decrease by approximately RMB238,000.

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Interest rate risk

We are exposed to fair value interest rate risk arising from fixed-rate loans from shareholders, loan from a related company, loans to third parties and restricted bank deposit during the Track Record Period. We are also exposed to cash flow interest rate risk which arises from bank borrowings and cash and cash equivalents which carry interest at prevailing market rates during the Track Record Period. We have not used any interest rate swaps to mitigate our exposure associated with transactions relating to cash flows interest rate risk. We will, however, continue to monitor interest rate risk exposure and will consider hedging significant interest rate risk exposure should the need arise.

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, our post-tax profit for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015 would decrease/increase by approximately RMB0.3 million, RMB0.9 million, RMB0.4 million and RMB1.1 million, respectively.

Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial losses to us. The credit risk on liquid funds is limited because the counterparties are PRC banks with high credit ratings and PRC state-owned banks with good reputation.

In the opinions of our Directors, we have no significant credit risk with any banks as we maintain long-term and stable business relationships with those banks. For other receivables, we perform an ongoing individual credit evaluation of the financial conditions of our counterparties and are of the opinion that the outstanding debts are recoverable. With respect to the balances with related companies, we assess the recoverability by reviewing their financial position and results periodically and consider the credit risk to be insignificant.

Liquidity risk

We monitor and maintain a level of cash and cash equivalents as well as undrawn banking facilities deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. Our management monitors the utilization of bank borrowings to ensure compliance with loan covenants.

SENSITIVITY ANALYSIS

Given the fact that our results of operations depends to a large extent on the cost of mobile top-up credits we source from the PRC telecommunication operators, their distributors and other channels, we have set out below a sensitivity analysis of the impact of changes in the average discount rates offered by the PRC telecommunication operators, their distributors and other channels on our profit from continuing operation.

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The following table shows our profit from continuing operation had the discount rates offered by the PRC telecommunication operators, their distributors and other channels fluctuated by 5% and 10% during the Track Record Period:

	Year ended 31 December			Nine months ended September 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Profit from continuing operation				
- 10% decrease in average discount rates	15,820	16,568	32,148	18,196
- 5% decrease in average discount rates	20,191	23,403	43,325	27,337
- Before changes	24,561	30,239	54,503	36,478
- 5% increase in average discount rates	28,931	37,075	65,681	45,619
- 10% increase in average discount rates.....	33,302	43,910	76,858	54,760
- Percentage decrease in average discount rates to achieve break-even (i.e., zero profit from continuing operation)	28%	22%	24%	20%

DIVIDEND POLICY

For the years ended December 31, 2012 and 2013 and the nine months ended September 30, 2015, we did not declare or pay any dividend to our shareholders. For the year ended December 31, 2014, we declared dividends of RMB30.0 million, which was paid in March 2015.

Subject to the Cayman Companies Law, our company in general meetings may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by our board of directors. Our Articles of Association provide that dividends may be declared and paid out of profits of our company, realized or unrealized, or from any reserve set aside from profits which our directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Companies Law. No distribution or dividend may be paid out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, our company will be able to pay its debts as they shall due in the ordinary course of business.

Future dividend payments will also depend upon the availability of dividends received from our subsidiary companies in China. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRSs. PRC laws also require foreign investment enterprises to set aside part of their net profit as statutory reserves, which are not

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available for distribution as cash dividends. Distributions from our subsidiary companies may also be restricted if they incur debt or losses or in accordance with any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiary companies may enter into in the future.

The amount of dividend actually distributed to our shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our directors may deem relevant and may be subject to approval of our shareholders. Our board of directors has an absolute discretion to recommend any dividend for any year. There is no assurance that dividends of any amount will be declared or distributed in any year.

DISTRIBUTABLE RESERVES

As of September 30, 2015, we did not have any distributable reserves, as determined under HKFRSs, available for distribution to our shareholders.

LISTING EXPENSES

We estimate that the total estimated listing expenses (including underwriting commissions) incurred in relation to the Global Offering is approximately RMB49.5 million (assuming the Over-allotment Option is not exercised). For the year ended December 31, 2014 and the nine months ended September 30, 2015, we recognized approximately RMB7.3 million and RMB13.7 million, respectively, of the listing expenses. We estimate that additional listing expenses (including underwriting commissions) of approximately RMB9.9 million will be charged to our consolidated statements of profit or loss and other comprehensive income for the year ending December 31, 2015. The balance of approximately RMB18.6 million is expected to be deducted from our share premium account upon listing. These listing expenses are mainly comprised of professional fees paid and fees payable to the Sole Sponsor, legal advisors and other professional parties for their services rendered in relation to the Listing and the Global Offering.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative statement of our unaudited pro forma adjusted consolidated net tangible assets which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to owners of our company as of September 30, 2015, as if the Global Offering had taken place on that date.

The statement of unaudited pro forma adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group attributable to owners of our company

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had the Global Offering been completed as of September 30, 2015 or at any future date. It is prepared based on the audited consolidated net tangible assets of our Group attributable to owners of our company as of September 30, 2015 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below.

	Audited		Unaudited pro			
	consolidated net	Estimated net	forma adjusted	Unaudited pro forma adjusted		
	tangible assets of	proceeds from	consolidated net	consolidated net tangible assets of		
	our Group	the Global	our Group	our Group attributable to owners		
	attributable to	Offering⁽²⁾	attributable to	of our Group attributable to owners		
	owners of our		owners of our	of our company per Share		
	company as of		company	(RMB)⁽³⁾	(HK\$)⁽⁴⁾	
	September 30,					
	2015⁽¹⁾					
		(RMB in thousands)				
Based on an Offer						
Price of HK\$1.00						
per Share	134,469	55,075	189,544	0.47	0.57	
Based on an Offer						
Price of HK\$1.76						
per Share	134,469	118,626	253,095	0.63	0.76	

- (1) The audited consolidated net tangible assets of our Group attributable to owners of our company as at September 30, 2015 is based on the consolidated net assets of our Group attributable to owners of our company of approximately RMB134,469,000 as extracted from the Accountants' Report set out in Appendix I of this Prospectus.
- (2) The estimated net proceeds from the Global Offering are based on 100,000,000 Shares at the Offer Price of HK\$1.76 and HK\$1.00, being the high-end and low-end of the stated offer price range, per Offer Share, after deduction of the underwriting fees and other related expenses payable by our company (other than expenses already recognised in profit or loss up to September 30, 2015). It does not take into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of HK\$1 to RMB0.8362, which was the rate prevailing on the Latest Practicable Date. No representation is made that Hong Kong dollars amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or at any other rates or at all.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our company per Share has been arrived at after making the adjustments referred to in this section on the basis of a total of 400,000,000 Shares comprising 300,000,000 Shares in issue taking into account the Capitalization Issue and 100,000,000 shares to be issued pursuant to the Global Offering. It does not take into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our company per Share is converted from RMB into Hong Kong dollars at the rate of HK\$1.00 to RMB0.8362. No representation is made that the RMB amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that date or at any other rates or at all.
- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to the owners of our company as at September 30, 2015 to reflect any trading results or other transactions of our Group entered into subsequent to September 30, 2015.

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RELATED PARTY TRANSACTIONS

Significant related party transactions

In 2014 and the nine months ended September 30, 2015, we paid service fees to Shenzhou Tongfu in respect of third-party online payment services, details of which are set out in the section headed “Connected Transactions” in this prospectus.

In 2012, 2013 and 2014, we paid service fees of approximately RMB108,000, RMB279,000 and RMB333,000, respectively, to Shenzhou Tongpiao, in connection with services related to the purchase of air tickets provided by Shenzhou Tongpiao.

In 2012, we purchased pre-paid mobile top-up credit cards from Kuqi Investment Company Limited, a company controlled by Sinomaster Investment in the amount of approximately RMB266.8 million.

Our Directors confirm that all material related party transactions during the Track Record Period were conducted on an arm’s length basis, and would not distort our results of operations during the Track Record Period or make our historical results during the Track Record Period not reflective of our expectations of our future performance. Save for the transactions with Shenzhou Tongfu, all other related party transactions have been terminated and will not continue after the Listing.

Guarantee

As of December 31, 2012, 2013 and 2014 and September 30, 2015, we had unsecured bank borrowings facilities in the amount of approximately RMB45.0 million, RMB203.0 million, RMB103.0 million and RMB345.0 million, respectively, which were guaranteed by Shenzhou Tongfu, Sinomaster Investment, Global Star, Huang Junmou, Yang Hua, Li Xiangcheng and Huang Shaowu, who were shareholders of our company. The banks have agreed to terminate the guarantees given by the above parties upon the Listing.

Compensation of key management personnel

The remuneration of our directors and key executives is determined based on their performance and market trends. In 2012, 2013 and 2014 and the nine months ended September 30, 2015, the aggregate amount of such remuneration amounted to approximately RMB1.4 million, RMB2.6 million, RMB3.3 million and RMB3.2 million, respectively. See note 34(b) to the Accountants’ Report included as Appendix I to this prospectus for details.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that they are not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since September 30, 2015, being the date of our latest audited financial statements, and there is no event since September 30, 2015 which would materially affect the information shown in “Accountants’ Report” in Appendix I.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Our Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering (after deducting underwriting commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised), assuming an Offer Price of HK\$1.38 (being the mid-point of the indicative Offer Price range), will be approximately HK\$78.7 million. We intend to apply the net proceeds in the following manner:

- approximately 20%, or HK\$15.7 million, will be used to enhance our brand’s recognition by our channel partners including PRC banks, offline channels and third party online platforms, by means of intensifying our internet marketing campaigns and online advertisements, expanding our PRC bank coverage and developing end-user based smart phone applications;
- approximately 20%, or HK\$15.7 million, will be used to upgrade our hardware and network infrastructure including data center facilities and data processing servers, network security solutions, bandwidth expansion and disaster recovery systems, in an effort to optimize our network operating environment;
- approximately 15%, or HK\$11.8 million, will be used for our software and research and development activities, including revamping and upgrading our 007ka Top-up Platform, acquiring specialized software, and recruiting additional experienced research and development staff;
- approximately 20%, or HK\$15.7 million, will be used to source mobile top-up credits to meet our customers’ increased demand for our top-up services;
- approximately 15%, or HK\$11.8 million, will be used for potential acquisitions of businesses and assets that are complementary to our business and operations, such as online services and other internet related businesses, or forming strategic alliance with value chain partners. As of the Latest Practicable Date, we have not identified any specific target of acquisitions or strategic alliance; and
- approximately 10%, or HK\$8.0 million, will be used for general working capital and other general corporate purposes.

If the Offer Price is set at the high-end of the indicative Offer Price range, being HK\$1.76, the net proceeds of the Global Offering (assuming the Over-allotment Option is not exercised), will be approximately HK\$116.7 million. We intend to apply the additional net proceeds for the above purposes on a pro-rata basis.

FUTURE PLANS AND USE OF PROCEEDS

If the Offer Price is set at the low-end of the indicative Offer Price range, being HK\$1.00, the net proceeds of the Global Offering (assuming the Over-allotment Option is not exercised), will be approximately HK\$40.7 million. In such case, we intend to reduce the allocation of such net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering will be approximately HK\$99.4 million, assuming the Offer Price is set at the mid-point of the indicative Offer Price range. If the Offer Price is set at the high-end of the indicative Offer Price range, the net proceeds from the Global Offering (including the proceeds from the exercise of the Over-allotment Option) will be approximately HK\$143.1 million. If the Offer Price is set at the low-end of the indicative Offer Price range, the net proceeds from the Global Offering (including the proceeds from the exercise of the Over-allotment Option) will be approximately HK\$55.7 million. We intend to apply any additional net proceeds to the above purposes on a pro-rata basis.

To the extent that the net proceeds are not immediately required for or applied to the above purposes, we may hold such funds in short-term deposits with licensed banks and authorized financial institutions in Hong Kong or in PRC for so long as it is in our best interests.

We will make an appropriate announcement and comply with the requirements of the Listing Rules if there is any change to the above proposed use of proceeds.

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HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited (“CICC”)

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on Wednesday, December 23, 2015. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription on the terms and subject to the conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price. Subject to the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme) on the Main Board of the Stock Exchange, and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed to subscribe or procure subscribers, for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscriptions for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. The Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) shall be entitled by notice in writing to our company to terminate the Hong Kong Underwriting Agreement with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the “Termination Time”) if any of the following events shall occur prior to the Termination Time:

- (a) there develops, occurs, exists or comes into force:
 - (i) any event or series of events resulting in or representing a calamity or crisis or change or development involving a prospective change, in local, national, regional or international financial, political, military, industrial, economic, fiscal or market conditions or sentiments (including, without limitation, conditions and settlements in stock and bond markets, money and foreign exchange markets, investment and credit markets and inter-bank markets) or a change in the system under which the value of

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the Hong Kong currency is linked to that of the currency of the United States or change in Hong Kong dollars or a change of the Renminbi against any foreign currencies in or affecting Hong Kong, the PRC, the United States, Singapore, Japan, Australia, the European Union (or any member thereof), the BVI, the United Kingdom, the Cayman Islands or any other jurisdiction relevant to any member of our Group (collectively the “Relevant Jurisdictions”); or

- (ii) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any of the Relevant Jurisdictions; or
- (iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, riots, public disorder, declaration of a national or international emergency, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), epidemic, pandemic, outbreak of infectious disease (including without limitation SARS, MERS, H5N1 or H1N1 or swine or avian influenza or such related/mutated forms), accident or interruption or delay in transportation or economic sanctions) in or affecting any of the Relevant Jurisdictions; or
- (iv) the imposition or declaration of (A) any moratorium, suspension, restriction or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, NYSE Amex Equities, the Singapore Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange or the stock exchange in any other member of the European Union or (B) any moratorium on, or disruption in, banking activities (commercial or otherwise) or foreign exchange trading or securities settlement or clearing services in or affecting any of the Relevant Jurisdictions; or
- (v) any change or development involving a change or prospective change in taxation or exchange controls (or the implementation of any exchange control) or currency exchange rates or foreign investment regulations in or affecting any of the Relevant Jurisdictions (including without limitation any fluctuation in the Hong Kong dollars or Renminbi against any foreign currencies); or
- (vi) any imposition of economic sanction or withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or
- (vii) any change or development or event involving a prospective change in our Group’s assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position or prospects, or any change in capital stock or long-term debt of our company or any other member of our Group, or any loss or interference with the assets, operations or business of our company or any other member of our Group, which (in any such case) is not set forth in this prospectus; or

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- (viii) save as disclosed in this prospectus, a demand by any tax authority for payment for any tax liability for any member of our Group; or
- (ix) any demand by creditors for repayment of indebtedness or a petition being presented for the winding-up or liquidation of any member of our Group or any member of our Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (x) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription of the Hong Kong Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws,

and which, in any such case (whether individually or in the aggregate) and in the sole opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):

- (A) is or will or may be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of our Group as a whole; or
 - (B) has or will or may have a material adverse effect on the success of the Global Offering and/or make it impracticable or inadvisable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or
 - (C) makes or will or may make it impracticable, inadvisable or incapable to proceed with any part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering and/or the Global Offering or the delivery of Shares on the terms and in the manner contemplated by this prospectus or for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented as envisaged; or
- (b) there has come to the notice of the Sole Global Coordinator:
- (i) that any statement contained in any of our formal notice in relation to the Hong Kong Public Offering and the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) was or has become untrue or incorrect in any material respect or misleading in any material respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in this prospectus or any notice, advertisement or announcement issued by our company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions with reference to the facts and circumstances then subsisting; or

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- (ii) any matter which would, if our formal notice in relation to the Hong Kong Public Offering and the Hong Kong Public Offering Documents and/or any notice, advertisement or announcement issued or used by or on behalf of our company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) were issued at that time, constitute a material omission therefrom; or
- (iii) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription of the Hong Kong Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (iv) that any of the Warranties (as defined in the Hong Kong Underwriting Agreement) or representations and warranties given by our company and our Controlling Shareholders under the Hong Kong Underwriting Agreement is (or would if repeated at that time be) breached or is untrue or incorrect in any respect or misleading; or
- (v) any event, act or omission which gives rise or is likely to give rise to any material liability of our company or any of our Controlling Shareholders pursuant to the indemnities under the Hong Kong Underwriting Agreement; or
- (vi) any breach of any of the obligations or undertakings of our company or our Controlling Shareholders under the Hong Kong Underwriting Agreement, the International Underwriting Agreement or any other agreements relating to the Global Offering; or
- (vii) any adverse change in or any development involving a prospective adverse change in, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this prospectus in a significant manner; or
- (viii) that (A) any Director, chief executive officer or chief financial officer of our company named in this prospectus resigned or retired, or is removed from office, or (B) any certificate given by our company or any of its officers to the Sole Global Coordinator under or in connection with the Hong Kong Underwriting Agreement or the Global Offering is false or misleading, or (C) any Director as named in this prospectus is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (ix) the commencement by any judicial, regulatory, governmental or political body or law enforcement agency or organization of any material action, claim, or proceedings against our company and/or any our Controlling Shareholders or an announcement by any judicial, regulatory, governmental or political body or law enforcement agency or organization that it intends to take any such action; or
- (x) save as disclosed in this prospectus, a contravention by any member of our Group of the Listing Rules or the Companies Ordinance or a material contravention of any other applicable Law or regulations; or

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- (xi) any material litigation, legal action or claim being threatened or instigated against any member of our Group, our Directors or our Controlling Shareholders; or
- (xii) a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (xiii) a prohibition on our company for whatever reason from allotting, issuing or selling the Offer Shares (including the Shares to be sold pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (xiv) our company withdraws this prospectus and/or the Application Forms; or
- (xv) approval by the Listing Committee for the listing of, and permission to deal in, the Shares to be issued or sold (including any Shares that may be sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the date of approval of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld.

Undertakings to the Stock Exchange Pursuant to the Listing Rules

(A) Undertakings by Our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not, at any time within six months from the Listing Date, issue any Shares or other securities convertible into equity securities of our company (whether or not of a class already listed) or enter into any agreement or arrangement to issue any Shares or such other securities (whether or not such issue of Shares or such other securities will be completed within six months from the Listing Date), except pursuant to the Global Offering (including pursuant to the exercise of the options which may be granted under the Share Option Scheme) or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has jointly and severally undertaken to the Stock Exchange and to our company that, they will not and will procure that the relevant registered holder(s) will not:

- (a) in the period commencing on the date by reference to which disclosure of his or its shareholding in our company is made in this prospectus and ending on the date which is six

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months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he or it is shown by this prospectus to be the beneficial owner; and

- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a controlling shareholder of our company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our company that, within the period commencing on the date by reference to which disclosure of his or its shareholding in our company is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, he or it will:

- (i) when he or it pledges or charges any Shares beneficially owned by him or it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our company of such pledge or charge together with the number of Shares so pledged or charged; and
- (ii) when he or it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our company of such indications.

Our company will inform the Stock Exchange in writing as soon as we have been informed of matters referred in above by any of our Controlling Shareholders and disclose such matters by way of announcement pursuant to the requirements under the Listing Rules as soon as possible.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by Our Company

We have undertaken to each of the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that at any time during the period commencing on the Listing Date and ending on the six months from the Listing Date (the “First Six-Month Period”), we will not, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create

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an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable); or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other equity securities of our company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable); or
- (c) enter into any transactions with the same economic effect as any transaction specified in paragraph (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in paragraph (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraph (a), (b) or (c) above is to be settled by delivery of Shares or such other securities of our company or shares or other securities of such other member of the Group, as applicable, or in cash or otherwise (whether or not the issue of the Shares or such other securities will be completed within the aforesaid period), provided that the foregoing restrictions shall not apply to the issue of Shares by our company pursuant to the Global Offering (including pursuant to the exercise of any options to be granted under the Share Option Scheme).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “Second Six-Month Period”), we enter into any of the transactions specified in paragraph (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, we have undertaken to take all reasonable steps to ensure that such transaction, agreement or, as the case may be, announcement will not create a disorderly or false market in the securities of our company.

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(B) Undertakings by the Controlling Shareholders

Each of our Controlling Shareholders has undertaken to each of our company, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that, save as pursuant to the stock borrowing agreement and/or the Share Option Scheme, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) it will not, at any time during the First Six-Month Period:
 - (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge (other than any pledge or charge of our company's issued share capital after the consummation of the Global Offering (assuming the Over-allotment Option is not exercised) in favor of an authorized institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan in compliance with Rule 10.07 of the Listing Rules), hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable); or
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other equity securities of our company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
 - (iii) enter into any transactions with the same economic effect as any transaction specified in sub-paragraph (i) or (ii) above; or
 - (iv) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraph (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in sub-paragraph (i), (ii) or (iii) above is to be settled by delivery of Shares or such other securities of our company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period);

UNDERWRITING

- (b) it will not, during the Second Six-Month Period, enter into any of the transactions specified in paragraphs (a)(i), (a)(ii) or (a)(iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, our Controlling Shareholders cease to be the controlling shareholders of our company; and
- (c) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in paragraph (a)(i), (a)(ii) or (a)(iii) above or offer to or agrees to or announces any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our company.

Each of our Controlling Shareholders has further undertaken to each of our company, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that, it will, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date, immediately inform our company, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters of:

- (i) any pledges or charges of any Shares or other securities of our company beneficially owned by it, together with the number of Shares or other securities of our company so pledged or charged and the purpose for which such pledge or charge is to be created; and
- (ii) any indication received by it, either verbal or written, from the pledgee or chargee of any Shares or other securities of our company pledged or charged that such Shares or other securities of our company so pledged or charged will be disposed of.

Our company agrees and undertakes to the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that upon receiving such information in writing from any of our Controlling Shareholder it shall, as soon as practicable, notify the Stock Exchange and make a public disclosure in relation to such information in accordance with the Listing Rules.

International Offering

International Underwriting Agreement

In connection with the International Offering, our company and our Controlling Shareholders expect to enter into the International Underwriting Agreement with the Sole Global Coordinator and the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option, it is expected that the International Underwriters would, subject to certain conditions set out therein, severally agree to subscribe for, or procure subscribers for, their respective applicable proportion of the International Offer Shares initially being offered pursuant to the International Offering. Please refer to the section headed “Structure of the Global Offering — The International Offering” in this prospectus for further details.

UNDERWRITING

Commission and Expenses

The Hong Kong Underwriters and the International Underwriters will receive an aggregate underwriting commission of 3% of the aggregate Offer Price of all the Offer Shares (including Offer Shares sold upon the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees. It is agreed that notwithstanding anything to the contrary, the total underwriting commission payable by our company to CICC pursuant to the Hong Kong Underwriting Agreement and the International Underwriting Agreement shall not be less than US\$1.8 million. In addition, our company shall pay CICC a one-time bonus of US\$0.1 million upon the Listing and may at its sole discretion pay to the Sole Global Coordinator for its account an incentive fee of 1.0% of the aggregate Offer Price payable for the Offer Shares (including Offer Shares sold upon the exercise of the Over-allotment Option).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate commissions and fees, together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately RMB49.5 million, shall be borne by our company, save for certain fees and expenses which shall be borne by the Underwriters.

Indemnity

We and the Controlling Shareholders have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their obligations under the relevant Underwriting Agreements, none of the Underwriters has any shareholding in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

UNDERWRITING

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “Syndicate Members”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering” in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. China International Capital Corporation Hong Kong Securities Limited is the Sole Global Coordinator of the Global Offering. The Global Offering comprises:

- (i) the Hong Kong Public Offering of initially 10,000,000 Shares (subject to adjustment as mentioned below) in Hong Kong as described below in “— The Hong Kong Public Offering” in this section; and
- (ii) the International Offering of initially 90,000,000 Shares (subject to adjustment as mentioned below) outside the United States in offshore transactions in reliance on Regulation S of the Securities Act as described below in “— The International Offering” in this section.

Furthermore, up to 15,000,000 additional Shares may be offered upon the exercise of the Over-allotment Option as set forth in “— Over-Allotment Option” in this section.

Investors may either:

- (iii) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (iv) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 25% of the issued share capital of our company immediately following the completion of the Global Offering and the Capitalization Issue, assuming the Over-allotment Option is not exercised. If the Over-allotment Option are exercised in full, the Offer Shares and Shares issued as a result of the exercise of Over-allotment Option will represent approximately 27.71% of the issued share capital of our company immediately following the completion of the Global Offering, the Capitalization Issue and the exercise of the Over-allotment Option.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

We are initially offering 10,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Global Offering. The number of Shares initially offered under the Hong Kong Public Offering, subject to any

STRUCTURE OF THE GLOBAL OFFERING

reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 2.5% of the issued share capital of our company immediately after completion of the Global Offering and the Capitalization Issue, assuming the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out below in “— Conditions of the Hong Kong Public Offering” in this section.

ALLOCATION

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 50% of the Hong Kong Offer Shares initially comprised in the Hong Kong Public Offering are liable to be rejected.

STRUCTURE OF THE GLOBAL OFFERING

REALLOCATION

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to a clawback mechanism under paragraph 4.2 of Practice Note 18 of the Listing Rules. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 30,000,000 Offer Shares (in the case of (i)), 40,000,000 Offer Shares (in the case of (ii)) and 50,000,000 Offer Shares (in the case of (iii)) representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option) and such reallocation being referred to in this prospectus as “Mandatory Reallocation”. In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Offer Shares are not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate. In addition to any Mandatory Reallocation which may be required, the Sole Global Coordinator may, at their discretion, reallocate Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering, regardless of whether the Mandatory Reallocation is triggered.

APPLICATIONS

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering, and such applicant’s application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$1.76 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$3,555.48 for one board lot of 2,000 Shares. If the Offer Price, as finally determined in the manner described in “— Pricing and Allocation” in this section, is less than the maximum price of HK\$1.76 per Offer Share,

STRUCTURE OF THE GLOBAL OFFERING

appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set forth below in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

NO OVERSEAS REGISTRATION

The documents issued and to be issued in connection with the Hong Kong Public Offering will not be registered under applicable securities legislation of any jurisdiction other than Hong Kong.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

The International Offering will consist of an initial offering of 90,000,000 Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering.

ALLOCATION

The International Offering will include selective marketing of Offer Shares as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S of the Securities Act. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “— Pricing and Allocation” in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our company and its shareholders as a whole.

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allotment of Offer Shares under the Hong Kong Public Offering.

REALLOCATION

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in “— The Hong Kong Public Offering — Reallocation” in this section, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

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OVER-ALLOTMENT OPTION

In connection with the Global Offering, our company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at any time during the 30-day period from the last date for lodging applications under the Hong Kong Public Offering, to require our company to sell up to 15,000,000 Shares, representing 15% of the aggregate of the maximum number of Shares initially available under the Global Offering at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager (and/or its agents) on behalf of the Underwriters, may over-allocate or effect transactions in the market or otherwise with a view to stabilizing or maintaining the market price of our Shares at such prices, in such amounts and in such manner as the Stabilizing Manager may determine and at levels other than those which might otherwise prevail in the open market, and/or undertake other stabilizing action within the meaning given in the Securities and Futures (Price Stabilizing) Rules of the SFO. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and in what the Stabilizing Manager reasonably regards as the best interest of our company, (b) may be discontinued at any time, and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering. The Underwriting Agreements provide that any profit resulting from any stabilizing action shall be retained by the Sole Global Coordinator. Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares, (iii) purchasing, or agreeing to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimizing any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

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Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager or any person acting for it may, in connection with the stabilizing action, maintain a long position in our Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager or any person acting for it and selling in the open market, may have an adverse impact on the market price of our Shares;
- no stabilizing action can be taken to support the price of our Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Friday, January 29, 2016, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

OVER-ALLOCATION

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager or any person acting for it may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager or any person acting for it in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager or any person acting for it may choose to borrow up to 15,000,000 Shares (being the maximum number of Shares which may be sold upon exercise of the Over-allotment Option) from Fun Charge Technology (the “Lender”) immediately prior to the completion of the Global

STRUCTURE OF THE GLOBAL OFFERING

Offering pursuant to the Stock Borrowing Agreement expected to be entered into between the Stabilizing Manager or any person acting for it and the Lender on or about the Price Determination Date or acquire Shares from other sources, including exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price.

If such stock borrowing arrangement with the Lender is entered into, it will only be effected by the Stabilizing Manager or any person acting for it for settlement of over-allocations in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set forth in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of Shares so borrowed must be returned to the Lender or its respective nominees, as the case may be, on or before the third business day following the earlier of (i) the last day for exercising the Over-allotment Option and (ii) the day on which the Over-allotment Option is exercised in full.

The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to the Lender by the Stabilizing Manager or any person acting for it in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Wednesday, December 30, 2015 but in any event no later than Thursday, December 31, 2015, by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and our company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$1.76 per Offer Share and is expected to be not less than HK\$1.00 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK\$1.76 per Offer Share plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee, amounting to a total of HK\$3,555.48 for one board lot of 2,000 Shares. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Offer Price range stated in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

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The Sole Global Coordinator, on behalf of the Underwriters, may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, after, and based on, consultation with our company, reduce the number of Offer Shares offered under the Global Offering, and our company may, where it deems appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, after, and based on, consultation with the Sole Global Coordinator, reduce the Offer Price range below that stated in this prospectus, in each case at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and on the websites of our company and the Stock Exchange, notices of the reduction. Such notice will also include any financial information which may change as a result of any such reduction. **If the number of Offer Shares and/or the indicative Offer Price range is so reduced, applicant(s) who have already submitted an application may or may not (depending on the information in the announcement) be notified that they are required to confirm their applications. All applicants who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid.** In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by our company, and the Sole Global Coordinator (on behalf of the Underwriters) will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, an indication of the level of interest in the International Offering, the basis of allocation of Offer Shares available under the Hong Kong Public Offering and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies” in this prospectus.

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our company and the Sole Global Coordinator (on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

For a summary of these underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement, see the section headed “Underwriting” in this prospectus.

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CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on, among other things:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) on the Main Board of the Stock Exchange;
- (ii) the Offer Price being duly determined among our company and the Sole Global Coordinator (on behalf of the Underwriters);
- (iii) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our company and the Sole Global Coordinator (on behalf of the Underwriters) on or before Thursday, December 31, 2015, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our company on the Stock Exchange's website at www.hkexnews.hk and our company's website at www.nnk.com.hk and in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such situation, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

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Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Thursday, January 7, 2016, provided that (1) the Global Offering has become unconditional in all respects and (2) the right of termination as described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination” in this prospectus has not been exercised.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein, including the Offer Shares, any Shares to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

No part of the share capital of our company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, January 7, 2016, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, January 7, 2016.

The Shares will be traded in board lots of 2,000 Shares each and the stock code of the Shares will be 3773.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**;
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our company, the Sole Global Coordinator, **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Sole Global Coordinator may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our company and/or any of its subsidiaries;
- a Director or chief executive officer of our company and/or any of its subsidiaries;
- a connected person or a core connected person (as defined in the Listing Rules) of our company or will become a connected person or a core connected person of our company immediately upon completion of the Global Offering;
- an associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, December 24, 2015 until 12:00 noon on Wednesday, December 30, 2015 from:

- (i) the following address of the Hong Kong Underwriters:

China International Capital Corporation Hong Kong Securities Limited at 29th Floor,
One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (ii) any of the following sub-branches of Bank of Communications Co., Ltd. Hong Kong Branch:

<u>District</u>	<u>Sub-Branch Name</u>	<u>Address</u>
Hong Kong Island	Central District Sub-Branch	G/F., Far East Consortium Building, 125A Des Voeux Road Central, Central
	Wanchai Sub-Branch	Shop B on G/F., Johnston Court, 32-34 Johnston Road
Kowloon	Ngau Tau Kok Sub-Branch	Shop G1 & G2, G/F., Phase I, Amoy Plaza, 77 Ngau Tau Kok Road
New Territories	Fanling Sub-Branch	Shop No. 84A-84B, G/F., Flora Plaza, Fanling

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, December 24, 2015 until 12:00 noon on Wednesday, December 30, 2015 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of Communications (Nominee) Co. Ltd. — NNK Group Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the sub-branches of the receiving banks listed above, at the following times:

Thursday, December 24, 2015 — 9:00 a.m. to 5:00 p.m.
Monday, December 28, 2015 — 9:00 a.m. to 5:00 p.m.
Tuesday, December 29, 2015 — 9:00 a.m. to 5:00 p.m.
Wednesday, December 30, 2015 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, December 30, 2015, the last application day or such later time as described in "— 10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

By completing and submitting an Application Form or applying through **White Form eIPO** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize our company and/or the Sole Global Coordinator (or its agents or nominees), as agents of our company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of our company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to our company, our Hong Kong Share Registrar, receiving banks, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize our company to place your name(s) or the name of the HKSCC Nominees, on our company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you fulfill the criteria mentioned in "— Personal Collection" section in the Prospectus to collect share certificate(s) and/or refund cheques) in this section;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** service provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (a) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (b) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the Yellow Application Form for details.

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in “— 2. Who can apply” in this section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our company. If you apply through the designated website, you authorize **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application to **White Form eIPO** service at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, December 24, 2015 until 11:30 a.m. on Wednesday, December 30, 2015 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, December 30, 2015 or such later time under the “— 10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “NNK Group Limited” **White Form eIPO** application submitted via the www.eipo.com.hk to support the funding of “Source of Dong Jiang — Hong Kong Forest” project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our company, the Sole Global Coordinator and our Hong Kong Share Registrar.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorized to give those instructions as their agent;
 - confirm that you understand that our company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorize our company to place HKSCC Nominees' name on our company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
 - confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree that none of our company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the Application Lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the Application Lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the Application Lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by our company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with our company, for itself and for the benefit of each Shareholder (and so that our company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Articles of Association; and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- Thursday, December 24, 2015 — 9:00 a.m. to 8:30 p.m. ⁽¹⁾
- Monday, December 28, 2015 — 8:00 a.m. to 8:30 p.m. ⁽¹⁾
- Tuesday, December 29, 2015 — 8:00 a.m. to 8:30 p.m. ⁽¹⁾
- Wednesday, December 30, 2015 — 8:00 a.m. ⁽¹⁾ to 12:00 noon

HOW TO APPLY FOR HONG KONG OFFER SHARES

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, December 24, 2015 until 12:00 noon on Wednesday, December 30, 2015 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, December 30, 2015, the last application day or such later time as described in “— 10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “— Personal Data” applies to any personal data held by our company, the Hong Kong Share Registrar, the receiving bankers, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making

HOW TO APPLY FOR HONG KONG OFFER SHARES

your electronic applications. Our company, our Directors, the Joint Bookrunners, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, December 30, 2015.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or

HOW TO APPLY FOR HONG KONG OFFER SHARES

- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through **White Form eIPO** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure of the Global Offering — Pricing and Allocation” in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The Application Lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, December 30, 2015. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the Application Lists do not open and close on Wednesday, December 30, 2015 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of

HOW TO APPLY FOR HONG KONG OFFER SHARES

allocation of the Hong Kong Offer Shares on Wednesday, January 6, 2016 in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on our company's website at www.nnk.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our company's website at www.nnk.com.hk and the Stock Exchange's website at www.hkexnews.hk by no later than 8:00 a.m. on Wednesday, January 6, 2016;
- from the designated results of allocations website at www.iporeresults.com.hk with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, January 6, 2016 to 12:00 midnight on Tuesday, January 12, 2016;
- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Wednesday, January 6, 2016 to Saturday, January 9, 2016;
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, January 6, 2016 to Friday, January 8, 2016 at all the receiving bank's designated sub-branches.

If our company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the Application Lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our company.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our company or its agents exercise their discretion to reject your application:

Our company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list our Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our company of that longer period within three weeks of the closing date of the Application Lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- your electronic application instructions through **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$1.76 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with “Structure of the Global Offering — Conditions of the Hong Kong Offering” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, January 6, 2016.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of our Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Wednesday, January 6, 2016. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, January 7, 2016 provided that the Global Offering has become unconditional and the right of termination described in the “Underwriting” section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, January 6, 2016 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation’s chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, January 6, 2016, by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) If you apply using a **YELLOW** Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Wednesday, January 6, 2016, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, January 6, 2016, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- **If you apply as a CCASS investor participant**

Our company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "— 11. Publication of Results" above.

You should check the announcement published by our company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, January 6, 2016 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the **White Form eIPO** service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, January 6, 2016, or such other date as notified by our company in the newspapers as the date of despatch/collection of Share certificates/ e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, January 6, 2016 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) **If you apply via Electronic Application Instructions to HKSCC**

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, January 6, 2016, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "— 11. Publication of Results" above on Wednesday, January 6, 2016. You should check the announcement published by our company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, January 6, 2016 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, January 6, 2016. Immediately following the credit of the Hong

HOW TO APPLY FOR HONG KONG OFFER SHARES

Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, January 6, 2016.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.



德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

24 December 2015

The Directors
NNK Group Limited

Quam Capital Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) relating to NNK Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the three years ended 31 December 2014 and the nine months period ended 30 September 2015 (the “Relevant Periods”) for inclusion in the prospectus of the Company dated 24 December 2015 (the “Prospectus”) in connection with the initial public offering of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated in Cayman Islands as an exempted company with limited liability on 18 June 2014. The Company acts as an investment holding company. Pursuant to a reorganisation, as more fully explained in the Section headed “History, Reorganisation and Corporate Structure” to the Prospectus (the “Reorganisation”), the Company became the holding company of the subsidiaries now comprising the Group on 4 March 2015.

As at the date of this report, the Company’s subsidiaries comprising the Group, which details are shown as below:

Name of subsidiary	Date and place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interests to the Group				Date of this report	Principal activities
			As at 30					
			As at 31 December		September	September		
	(note 1)		2012	2013	2014	2015		
Phone Charge Technology Limited* (“Phone Charge”)	19 June 2014 British Virgin Islands (“BVI”)	Hong Kong dollar (“HKD”)50,000	N/A	N/A	100%	100%	100%	Investment holding
Daily Charge HK Company Limited ^Δ (“Daily Charge HK”)	7 July 2014 Hong Kong	HKD50,000	N/A	N/A	100%	100%	100%	Investment holding

APPENDIX I
ACCOUNTANTS' REPORT

Name of subsidiary	Date and place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interests to the Group				Date of this report	Principal activities
			As at 31 December		As at 30 September			
			2012	2013	2014	2015		
	<i>(note 1)</i>		2012	2013	2014	2015		
Daily Charge Technology (Shenzhen) Limited [△] ("Daily Charge SZ")	30 January 2015 The People's Republic of China (the "PRC")	Renminbi ("RMB") 1,000,000	N/A	N/A	N/A	100%	100%	Investment holding
深圳市年年卡網絡科技有限公司 Shenzhen Niannianka Network Technology Co., Ltd. [△] ("Shenzhen NNK")	13 June 2006 PRC	RMB20,680,000	100%	100%	100%	100%	100%	Mobile top-up services
深圳市神州通付科技有限公司 Shenzhen Shenzhou Tongfu Technology Co., Ltd. [#] ("Shenzhou Tongfu")	10 June 2011 PRC	RMB100,000,000	100%	100%	N/A	N/A	N/A	On-line payment services
成都市神州通付科技有限公司 Chengdu Shenzhou Tongfu Technology Co., Ltd. [#] ("Chengdu Tongfu")	26 December 2011 PRC	RMB1,000,000	100%	100%	N/A	N/A	N/A	Research and development
廣州市融海電子科技有限公司 Guangzhou Ronghai Electronics Technology Co., Ltd. [△] ("Ronghai Electronics")	23 April 2009 PRC	RMB500,000	100%	100%	N/A	N/A	N/A	Inactive
深圳市特拉科技有限公司 Shenzhen Tela Technology Co., Ltd. [△] ("Tela Technology")	25 June 2010 PRC	RMB1,000,000	65%	55.25%	N/A	N/A	N/A	Inactive

(note 1) 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.

△ Ronghai Electronics and Tela Technology were deregistered on 1 August 2014 and 1 September 2014 respectively.

The subsidiaries were disposed of on 26 November 2014. Details are set out in note 30.

The Company and its subsidiaries have adopted 31 December as their financial year end date for statutory financial reporting purposes.

No audited statutory financial statements have been prepared for the Company and Phone Charge since their respective dates of incorporation as there are no statutory audit requirements in their place of incorporation. No audited statutory financial statements have been prepared for Daily Charge HK as it has not reached its first financial year end since its date of incorporation. Daily Charge SZ was newly established on 30 January 2015, and no statutory financial statements have been issued. Ronghai Electronics and Tela Technology were deregistered on 1 August 2014 and 1 September 2014 respectively, and no statutory financial statements were issued for the year ended 31 December 2014.

The statutory financial statements of the following subsidiaries were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprise established in the PRC. They were audited by the certified public accountants set out as below:

Name of subsidiaries	Financial periods	Name of auditors
Shenzhen NNK	Year ended 31 December 2012	Shenzhen Huatu Certified Public Accountant
	Year ended 31 December 2013	Shenzhen Huatu Certified Public Accountant
	Year ended 31 December 2014	Shenzhen Huatu Certified Public Accountant
Shenzhou Tongfu	Year ended 31 December 2012	Shenzhen Huatu Certified Public Accountant
	Year ended 31 December 2013	Shenzhen Huatu Certified Public Accountant
Chengdu Tongfu.....	Year ended 31 December 2012	Sichuan Tianren Accounting Firms Co., Ltd.
	Year ended 31 December 2013	Sichuan Tianren Accounting Firms Co., Ltd.
Ronghai Electronics ...	Year ended 31 December 2012	Guangdong Continental Certified Public Accountants Co., Ltd.
	Year ended 31 December 2013	Guangzhou Yuehe Certified Public Accountants
Tela Technology.....	Year ended 31 December 2012	Shenzhen Huatu Certified Public Accountant
	Year ended 31 December 2013	Shenzhen Huatu Certified Public Accountant

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods in accordance with accounting policies which conform with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) (the “Underlying Financial Statements”). We have undertaken an independent audit on the Underlying Financial Statements in accordance with the Hong Kong Standards on Auditing issued by the HKICPA.

We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” as recommended by the HKICPA.

The Financial Information of the Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements on the basis set out in note 2 to Section A below. No adjustments are deemed necessary to the Underlying Financial Statements in the preparation of our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are also responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis set out in note 2 to Section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Company as at 31 December 2014 and 30 September 2015, and of the Group as at 31 December 2012, 2013 and 2014 and 30 September 2015, and of the financial performance and consolidated cash flows of the Group for the Relevant Periods.

The comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the nine months period ended 30 September 2014 together with the notes thereon have been extracted from the unaudited financial information of the Group for the same period (the “30 September 2014 Financial Information”) which was prepared by the directors of the Company solely for the purpose of this report. We conducted our review on the 30 September 2014 Financial Information in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the HKICPA. Our review of the 30 September 2014 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 30 September 2014 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 30 September 2014 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Nine months ended 30 September	
		2012	2013	2014	2014	2015
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
Continuing operation						
Revenue.....	6	87,408	136,711	223,553	161,840	182,820
Less: Tax surcharge		(1,763)	(2,601)	(5,143)	(3,978)	(3,802)
Cost of revenue.....		(36,925)	(63,957)	(105,901)	(78,192)	(85,879)
Gross profit		48,720	70,153	112,509	79,670	93,139
Other income and expenses.....	7	1,526	2,997	2,598	1,773	7,668
Distribution and selling expenses.....		(2,879)	(4,447)	(5,664)	(3,787)	(5,234)
Administrative expenses.....		(11,696)	(19,398)	(21,839)	(17,740)	(17,717)
Listing expenses		—	—	(7,287)	(5,228)	(13,742)
Research and development expenses.....		(4,239)	(5,692)	(8,739)	(6,024)	(10,288)
Finance costs	8	(5,845)	(9,401)	(12,134)	(9,195)	(10,123)
Profit before tax	9	25,587	34,212	59,444	39,469	43,703
Income tax expense.....	10	(1,026)	(3,973)	(4,941)	(5,292)	(7,225)
Profit for the year/period from continuing operation		24,561	30,239	54,503	34,177	36,478
Profit (loss) for the year/period from continuing operation attributable to						
- owners of the Company.....		24,565	30,257	54,520	34,194	36,478
- non-controlling interests.....	12	(4)	(18)	(17)	(17)	—
		24,561	30,239	54,503	34,177	36,478
Discontinued operation						
Loss for the year/period from discontinued operation attributable to owners of the Company	13	(3,319)	(10,381)	(26,065)	(20,072)	—
Profit and total comprehensive income for the year/period.....		21,242	19,858	28,438	14,105	36,478
Profit (loss) and total comprehensive income (expense) attributable to owners of the Company						
- from continuing operation		24,565	30,257	54,520	34,194	36,478
- from discontinued operation		(3,319)	(10,381)	(26,065)	(20,072)	—
		21,246	19,876	28,455	14,122	36,478
Loss and total comprehensive expenses attributable to non-controlling interests						
- from continuing operation		(4)	(18)	(17)	(17)	—
		21,242	19,858	28,438	14,105	36,478
Earnings per share-basic	15					
From continuing and discontinued operations (RMB)		0.07	0.07	0.10	0.05	0.12
From continuing operation (RMB) ...		0.08	0.10	0.18	0.11	0.12

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Group

	Notes	As at 31 December			As at
		2012	2013	2014	30 September
		RMB'000	RMB'000	RMB'000	2015
				RMB'000	
Non-current assets					
Property, plant and equipment.....	17	5,770	13,973	14,393	13,232
Rental deposits		361	668	249	301
		<u>6,131</u>	<u>14,641</u>	<u>14,642</u>	<u>13,533</u>
Current assets					
Inventories.....	18	99,880	172,291	142,181	252,909
Trade receivables	19	23,987	48,005	46,393	57,817
Prepayments, deposits and other receivables.....	20	23,599	34,320	31,314	74,470
Amounts due from Shareholders.....	21	650	10,698	10,045	—
Amounts due from related companies.	21	9,668	25,744	132,295	136,342
Loans to third parties.....	22	12,000	17,500	10,500	—
Tax recoverable.....		—	1,790	584	—
Restricted bank deposit.....	23	—	—	—	15,000
Cash and cash equivalents.....	23	28,544	50,294	21,269	31,690
		<u>198,328</u>	<u>360,642</u>	<u>394,581</u>	<u>568,228</u>
Current liabilities					
Trade payables.....	24	7,522	32,354	54,059	54,121
Other payables	25	9,873	23,561	20,738	34,632
Amounts due to related companies.....	21	40	2,225	99,452	—
Amounts due to Shareholders.....	21	1,396	—	—	—
Loan from a related company.....	27	20,000	—	—	—
Loans from Shareholders.....	27	30,100	—	—	—
Tax payables.....		297	—	—	3,248
Bank borrowings.....	26	79,400	238,000	103,000	352,466
Dividend payable		—	—	30,000	—
		<u>148,628</u>	<u>296,140</u>	<u>307,249</u>	<u>444,467</u>
Net current assets		49,700	64,502	87,332	123,761
Total assets less current liabilities.....		<u>55,831</u>	<u>79,143</u>	<u>101,974</u>	<u>137,294</u>
Non-current liability					
Government grants.....	28	1,687	5,044	3,983	2,825
Net assets		<u>54,144</u>	<u>74,099</u>	<u>97,991</u>	<u>134,469</u>
Capital and reserves					
Share/paid-in capital	29	20,680	20,680	20,988	308
Reserves		33,162	53,038	77,003	134,161
Equity attributable to owners of the Company		53,842	73,718	97,991	134,469
Non-controlling interests.....	12	302	381	—	—
Total equity		<u>54,144</u>	<u>74,099</u>	<u>97,991</u>	<u>134,469</u>

STATEMENTS OF FINANCIAL POSITION

The Company

	<i>Notes</i>	As at 31 December 2014	As at 30 September 2015
		RMB'000	RMB'000
Non-current asset			
Investment in a subsidiary	16	40	40
Current assets			
Amounts due from Shareholders.....	21	268	—
Cash and cash equivalents.....	23	—	321
		<u>268</u>	<u>321</u>
Current liabilities			
Other payables	25	19	3,477
Amount due to a subsidiary	21	—	8,069
		<u>19</u>	<u>11,546</u>
Net current assets (liabilities)		<u>249</u>	<u>(11,225)</u>
Total assets less current liabilities and net assets (liabilities).....		<u>289</u>	<u>(11,185)</u>
Capital and reserve			
Share capital	29	308	308
Accumulated losses.....		<u>(19)</u>	<u>(11,493)</u>
Total equity (deficit) attributable to owners of the Company		<u>289</u>	<u>(11,185)</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

The Group

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share/ paid-in capital	Capital reserve	Statutory reserve	Retained earnings	Total			
	RMB'000	RMB'000 <i>(note i)</i>	RMB'000 <i>(note ii)</i>	RMB'000	RMB'000	RMB'000		
At 1 January 2012	20,680	320	6,514	5,082	32,596	306	32,902	
Profit (loss) and total comprehensive income (expenses) for the year	—	—	—	21,246	21,246	(4)	21,242	
Transfer to statutory reserve	—	—	3,826	(3,826)	—	—	—	
At 31 December 2012	20,680	320	10,340	22,502	53,842	302	54,144	
Profit (loss) and total comprehensive income (expenses) for the year	—	—	—	19,876	19,876	(18)	19,858	
Disposal of partial equity interest of Tela Technology to non-controlling interests.	—	—	—	—	—	97	97	
At 31 December 2013	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 (<i>note 14</i>)	—	—	—	(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 period	—	—	—	36,478	36,478	—	36,478	
Arising from reorganisation	(20,680)	20,680	—	—	—	—	—	
At 30 September 2015	308	46,510	10,340	77,311	134,469	—	134,469	
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 period (unaudited)	—	—	—	14,122	14,122	(17)	14,105	
Dividends declared	—	—	—	(30,000)	(30,000)	—	(30,000)	
Distribution to non-controlling interests ...	—	—	—	—	—	(364)	(364)	
Issue of shares	308	—	—	—	308	—	308	
At 30 September 2014 (unaudited)	20,988	320	10,340	26,500	58,148	—	58,148	

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 Shenzhou Tongfu and Chengdu Tongfu to a related company and the Shareholders, as defined below, 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 Reorganisation.
- (ii) As stipulated by the relevant laws in 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 reserve can be used to make up losses or for conversion into capital.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
OPERATING ACTIVITIES					
Profit before tax	22,268	23,831	33,379	19,397	43,703
Adjustments for:					
Depreciation of property, plant and equipment	1,911	3,209	6,291	3,931	5,513
Finance costs	5,845	9,401	12,134	9,195	10,123
Government grants related to assets (note 28)	(1,313)	(1,643)	(1,061)	(579)	(1,158)
Loss on disposals of property, plant and equipment.....	—	—	22	—	—
Interest income	(200)	(1,367)	(1,732)	(1,149)	(1,630)
Operating cash flows before movements in working capital.....	28,511	33,431	49,033	30,795	56,551
(Increase) decrease in rental deposits	(191)	(307)	(95)	419	(52)
(Increase) decrease in inventories	(25,029)	(72,411)	30,110	(7,508)	(110,728)
(Increase) decrease in trade receivables..	(7,083)	(24,018)	1,551	(14,785)	(11,424)
(Increase) decrease in prepayments, deposits and other receivables	(6,911)	(10,721)	381	(34,608)	(43,156)
(Decrease) increase in trade payables.....	(1,923)	24,832	21,705	7,472	62
(Decrease) increase in other payables ...	(10,232)	13,688	(575)	26,340	13,894
Cash (used in) generated from operations.....	(22,858)	(35,506)	102,110	8,125	(94,853)
Income tax paid	(968)	(6,060)	(3,735)	(1,774)	(3,393)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(23,826)	(41,566)	98,375	6,351	(98,246)

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
INVESTING ACTIVITIES					
Net cash (outflow) inflow from disposal of subsidiaries	—	—	(15,031)	—	85,000
Purchase of property, plant and equipment	(2,934)	(11,412)	(9,901)	(4,047)	(4,389)
Repayments from third parties	—	12,000	17,500	5,000	10,500
Advances to third parties	(12,000)	(17,500)	(10,500)	(5,000)	—
Interest received	200	1,367	1,732	1,149	1,630
Proceeds from disposal of property, plant and equipment	61	—	427	427	37
Government grants received (<i>note 28</i>)....	3,000	5,000	—	—	—
Advance to related companies	(9,668)	(25,744)	(208,408)	(35,376)	(298,205)
Repayments from related companies.....	1,000	9,668	34,244	25,000	209,158
Placement of structured products.....	—	—	(374,267)	(280,700)	(2,210,000)
Withdrawal of structured products.....	—	—	374,267	280,700	2,210,000
Placement of restricted bank deposit.....	—	—	—	—	(15,000)
Advances to Shareholders	(650)	(13,493)	(10,045)	(4,136)	(7,776)
Repayments from Shareholders	—	3,445	95,698	9,688	17,821
NET CASH USED IN INVESTING ACTIVITIES	(20,991)	(36,669)	(104,284)	(7,295)	(1,224)
FINANCING ACTIVITIES					
Dividend paid	—	—	—	—	(30,000)
Interest paid.....	(5,845)	(9,401)	(12,134)	(9,195)	(10,123)
Repayments of bank borrowings.....	(269,850)	(571,581)	(674,955)	(405,356)	(613,569)
Proceeds from bank borrowings	320,000	730,181	539,955	376,956	863,035
Loan from a related company.....	20,000	—	—	—	—
Repayment of loan from a related company	—	(20,000)	—	—	—
Repayment of loans from Shareholders ..	(248,300)	(146,990)	—	—	—
Loans from Shareholders.....	249,400	116,890	—	—	—
Consideration received from non-controlling interests	—	97	—	—	—
Distribution to non-controlling interests .	—	—	(364)	(364)	—
Issue of shares	—	—	308	308	—
Advances from related companies	40	2,225	148,696	63,470	—

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Repayments to related companies.....	—	(40)	(24,622)	(19,504)	(99,452)
Advances from third parties.....	—	57,000	—	—	—
Repayments to third parties.....	—	(57,000)	—	—	—
Advances from Shareholders.....	1,396	—	—	—	—
Repayments to Shareholders.....	(2,656)	(1,396)	—	—	—
NET CASH FROM (USED IN)					
FINANCING ACTIVITIES.....	<u>64,185</u>	<u>99,985</u>	<u>(23,116)</u>	<u>6,315</u>	<u>109,891</u>
Net increase (decrease) in cash and cash equivalents.....	19,368	21,750	(29,025)	5,371	10,421
Cash and cash equivalents at the beginning of the year/period.....	<u>9,176</u>	<u>28,544</u>	<u>50,294</u>	<u>50,294</u>	<u>21,269</u>
Cash and cash equivalents at the end of the year/period.....	<u>28,544</u>	<u>50,294</u>	<u>21,269</u>	<u>55,665</u>	<u>31,690</u>

NOTES TO THE FINANCIAL INFORMATION**1. CORPORATION INFORMATION**

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 18 June 2014. Its ultimate 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, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is 6/F, 3 Building A Area, Internet Industry Base, Xixiang, Baoyuan Road, Bao’an District, Shenzhen, the PRC. The Company is an investment holding company. The principal activity of the Group is engaged in providing mobile top-up service to mobile subscribers in the PRC.

The Financial Information is presented in RMB, which is the same as the functional currency of the Company and its subsidiaries.

2. BASIS OF PREPARATION OF PRESENTATION OF THE FINANCIAL INFORMATION

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

- 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 of 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
- 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 Reorganisation as set out in the section headed "History, Reorganisation and Corporate Structure" to the Prospectus, which was completed on 4 March 2015 by interspersing the Company, and certain companies between the Shareholders and the group entities, the Company became the holding company of the companies now comprising the Group. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. On 4 March 2015, the Company became the holding company of the Group.

As a result, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Relevant Periods include the results, changes in equity and cash flows of the Group have been prepared as if the Company had always been the holding company of the Group and the current group structure had existed throughout the Relevant Periods, or since their respective dates of establishment/incorporation, where those is a shorter period. The consolidated statements of financial position as at 31 December 2012, 2013 and 2014 have been prepared to present the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence at those dates.

3. APPLICATION OF NEW AND REVISED HKFRSs

For the purpose of preparing and presenting the Financial Information of the Group for the Relevant Periods, the Group has consistently applied all the new or revised HKFRSs that are effective for accounting period beginning on 1 January 2015 consistently throughout the Relevant Periods.

At the date of this report, the HKICPA has issued the following new and revised HKFRSs that are not yet effective. The Group has not early applied these standards and amendments.

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accountings ²
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendment to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the Consolidation Exception ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³

Amendments to HKAS 16 and
HKAS 41

Agriculture: Bearer Plants³

Amendments to HKFRSs

Annual Improvements to HKFRSs 2012-2014 Cycle³

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after 1 January 2016.

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis explain in 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 Financial Information is determined on such a basis, except 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.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (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/period 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 transactions, balances, income and expenses are eliminated in full on consolidation.

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investment in a subsidiary

Investment in a subsidiary included in the Company's statements of financial position is stated at cost less accumulated impairment loss, if any.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the 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.

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 the settlement of monetary items, and on the retranslation of 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 period in which they are incurred.

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 capitalization 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/period. Taxable profit differs from 'profit before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 Financial Information 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 recognised 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 (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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.

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).

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.

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.

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 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, amounts due to Shareholders, amount due to a subsidiary, loans from Shareholders/a related company 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 expire. 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 Financial Information.

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
On-line payment business	– Provision of on-line payment platform service

These operating segments also represent the Group's reportable segments for the Relevant Periods.

Segment revenues and results

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

	<i>Note</i>	Year ended 31 December			Nine months ended 30 September	
		2012	2013	2014	2014	2015
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
REVENUE						
Continuing operation						
Mobile top-up business ..		87,408	136,711	223,553	161,840	182,820
Discontinued operation						
On-line payment business.....	13	5	2,556	1,465	1,374	—
Less: Elimination		—	—	(61)	(46)	—
		<u>87,413</u>	<u>139,267</u>	<u>224,957</u>	<u>163,168</u>	<u>182,820</u>
RESULTS						
Segment results and profit (loss) before tax from:						
Continuing operation						
Mobile top-up business		25,587	34,212	59,444	39,469	43,703
Discontinued operation						
On-line payment business		(3,319)	(10,381)	(26,065)	(20,072)	—
		<u>22,268</u>	<u>23,831</u>	<u>33,379</u>	<u>19,397</u>	<u>43,703</u>

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:

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Segment assets</i>				
Continuing operation				
Mobile top-up business	199,201	338,886	409,223	581,761
Discontinued operation				
On-line payment business	5,258	36,397	—	—
	<u>204,459</u>	<u>375,283</u>	<u>409,223</u>	<u>581,761</u>
<i>Segment liabilities</i>				
Continuing operation				
Mobile top-up business	149,821	295,017	311,232	447,292
Discontinued operation				
On-line payment business	494	6,167	—	—
	<u>150,315</u>	<u>301,184</u>	<u>311,232</u>	<u>447,292</u>

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 the Relevant Periods.

Other segment information

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

	Depreciation					Additions to property, plant and equipment				
	Year ended 31 December			Nine months ended 30 September		Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Continuing operation										
Mobile top-up business.....	1,416	2,169	4,814	3,332	5,513	1,776	8,965	8,197	3,951	4,389
Discontinued operation										
On-line payment business.....	495	1,040	1,477	599	—	1,158	2,447	1,704	826	—
	<u>1,911</u>	<u>3,209</u>	<u>6,291</u>	<u>3,931</u>	<u>5,513</u>	<u>2,934</u>	<u>11,412</u>	<u>9,901</u>	<u>4,777</u>	<u>4,389</u>

7. OTHER INCOME AND EXPENSES

	Note	Year ended 31 December			Nine months ended 30 September	
		2012	2013	2014	2014	2015
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(unaudited)				
Interest income						
- from structured products (note a)		—	—	207	151	1,377
- from bank deposits		127	940	998	782	160
- from loans to third parties		73	427	527	216	93
Government grants	28	1,313	1,643	1,061	579	1,158
Government subsidy (note b)		—	—	—	—	4,889
Others		13	(13)	(195)	45	(9)
		<u>1,526</u>	<u>2,997</u>	<u>2,598</u>	<u>1,773</u>	<u>7,668</u>

Notes:

- (a) During the year ended 31 December 2014 and the nine months period ended 30 September 2015, 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 of 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 year ended 31 December 2014 and the nine months period ended 30 September 2015.

- (b) On 16 September 2015, the relevant government authority granted a one-off subsidy to the Group in relation to certain finance costs paid to the banks in prior periods, which was recognised in the profit or loss in the period in which they became receivable.

8. FINANCE COSTS

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on bank borrowings wholly repayable within five years	3,788	8,531	12,134	9,195	10,123
Interest on loans from Shareholders wholly repayable within five years	1,532	371	—	—	—
Interest on loan from a related company wholly repayable within five years	525	130	—	—	—
Interest on loans from third parties wholly repayable within five years	—	369	—	—	—
	<u>5,845</u>	<u>9,401</u>	<u>12,134</u>	<u>9,195</u>	<u>10,123</u>

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Staff costs (including directors' emoluments (<i>note 11</i>))					
Salaries and other benefits					
- Continuing operation.....	8,812	16,664	17,282	10,318	10,711
- Discontinued operation.....	158	1,347	5,246	3,683	—
	<u>8,970</u>	<u>18,011</u>	<u>22,528</u>	<u>14,001</u>	<u>10,711</u>
Retirement benefits scheme contributions					
- Continuing operation.....	577	937	1,593	1,017	1,511
- Discontinued operation.....	48	156	681	165	—
	<u>625</u>	<u>1,093</u>	<u>2,274</u>	<u>1,182</u>	<u>1,511</u>
Total staff costs	<u>9,595</u>	<u>19,104</u>	<u>24,802</u>	<u>15,183</u>	<u>12,222</u>
Depreciation of property, plant and equipment					
- Continuing operation.....	1,416	2,169	4,814	3,332	5,513
- Discontinued operation.....	495	1,040	1,477	599	—
	<u>1,911</u>	<u>3,209</u>	<u>6,291</u>	<u>3,931</u>	<u>5,513</u>
Loss on disposals of property, plant and equipment					
- Continuing operation.....	—	—	22	—	—
Auditor's remuneration					
- Continuing operation.....	54	40	93	83	35
- Discontinued operation.....	9	8	33	25	—
	<u>63</u>	<u>48</u>	<u>126</u>	<u>108</u>	<u>35</u>
Operating lease rentals					
- Continuing operation.....	774	1,465	2,052	1,563	1,538
- Discontinued operation.....	290	1,077	769	333	—
	<u>1,064</u>	<u>2,542</u>	<u>2,821</u>	<u>1,896</u>	<u>1,538</u>

10. INCOME TAX EXPENSE

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
PRC Enterprise Income Tax ("EIT")					
Current	1,026	3,973	4,941	5,292	7,699
Over-provision in prior year	—	—	—	—	(474)
	<u>1,026</u>	<u>3,973</u>	<u>4,941</u>	<u>5,292</u>	<u>7,225</u>

(unaudited)

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 Financial Information, as no assessable profit was generated in Hong Kong.

PRC

Pursuant to the Enterprise Income Tax Law and Implementation Regulations of the Law of the PRC (the "New PRC Tax Law") which became effective on 1 January 2008, the applicable tax rate of PRC subsidiaries is 25% during the Relevant Periods.

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. However, Shenzhen NNK has adopted the verification collection for the tax calculation upon 2012, no tax refund was entitled from 2010 to 2012.

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 nine month period ended 30 September 2015.

During the Relevant Periods, no provision for tax in Daily Charge SZ, Shenzhou Tongfu, Chengdu Tongfu, Ronghai Electronics and Tela Technology has been made as there was no assessable profit generated by these subsidiaries.

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

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Continuing operation					
Profit before tax	<u>25,587</u>	<u>34,212</u>	<u>59,444</u>	<u>39,469</u>	<u>43,703</u>
Tax at the applicable tax rate of 25%	6,397	8,553	14,861	9,867	10,926
Tax effect of expense not deductible for tax purpose	—	70	55	46	3,511
Effect of loss on disposal of subsidiaries (<i>note a</i>)	—	—	(3,750)	—	—
Additional tax benefit on research and development expenses (<i>note b</i>)	—	(482)	(1,113)	(753)	(1,286)
Tax benefit from verification collection	(5,371)	—	—	—	—
Effect of tax exemption and relief granted to Shenzhen NNK	—	(3,972)	(4,941)	(3,868)	(5,453)
Utilisation of tax losses previously not recognised	—	(137)	—	—	—
Over-provision of EIT in prior year	—	—	—	—	(474)
Others	—	(59)	(171)	—	—
	<u>1,026</u>	<u>3,973</u>	<u>4,941</u>	<u>5,292</u>	<u>7,225</u>
Discontinued operation					
Loss before tax	<u>(3,319)</u>	<u>(10,381)</u>	<u>(26,065)</u>	<u>(20,072)</u>	<u>—</u>
Tax at the applicable tax rate of 25%	(830)	(2,595)	(6,516)	(5,018)	—
Tax effect of tax losses not recognised	<u>830</u>	<u>2,595</u>	<u>6,516</u>	<u>5,018</u>	<u>—</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

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.

At 31 December 2012, 2013, 2014 and 30 September 2015, Shenzhen NNK has unrecognised tax losses of approximately RMB548,000, nil, nil and nil respectively. In the opinion of the directors of the Company, no deferred tax asset is recognised due to the unpredictability of future profit streams.

At 31 December 2012 and 2013, Shenzhou Tongfu and Chengdu Tongfu have aggregate unrecognised tax losses of approximately RMB3,319,000 and RMB13,700,000 respectively. In the opinion of the directors of the Company, no deferred tax assets are recognised due to the unpredictability of future profit streams of these subsidiaries. The subsidiaries were disposed in 2014.

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 Relevant Periods are as follows:

	Fees	Salaries, bonus and other allowances	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<i>For the year ended 31 December 2012</i>				
Executive directors:				
Huang Junmou	—	419	7	426
Yang Hua (<i>note a</i>)	—	406	5	411
Luo Mingxing	—	—	—	—
Non-executive directors:				
Yu Zida (<i>note b</i>)	—	—	—	—
Li Xiangcheng	—	404	7	411
Xu Xinhua	—	—	—	—
Independent non-executive directors (<i>note c</i>):				
Lin Zhangxi	—	—	—	—
Qian Haomin	—	—	—	—
Zhao Jinlin	—	—	—	—
	<u>—</u>	<u>1,229</u>	<u>19</u>	<u>1,248</u>

	Fees	Salaries, bonus and other allowances	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<i>For the year ended 31 December 2013</i>				
Executive directors:				
Huang Junmou	—	523	40	563
Yang Hua (<i>note a</i>)	—	511	40	551
Luo Mingxing	—	—	—	—
Non-executive directors:				
Yu Zida (<i>note b</i>)	—	—	—	—
Li Xiangcheng	—	507	40	547
Xu Xinhua	—	483	—	483
Independent non-executive directors (<i>note c</i>):				
Lin Zhangxi	—	—	—	—
Qian Haomin	—	—	—	—
Zhao Jinlin	—	—	—	—
	<u>—</u>	<u>2,024</u>	<u>120</u>	<u>2,144</u>

	Fees	Salaries, bonus and other allowances	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<i>For the year ended 31 December 2014</i>				
Executive directors:				
Huang Junmou	—	541	54	595
Yang Hua (<i>note a</i>)	—	530	54	584
Luo Mingxing	—	427	37	464
Non-executive directors:				
Yu Zida (<i>note b</i>)	—	—	—	—
Li Xiangcheng	—	523	54	577
Xu Xinhua	—	276	—	276
Independent non-executive directors (<i>note c</i>):				
Lin Zhangxi	—	—	—	—
Qian Haomin	—	—	—	—
Zhao Jinlin	—	—	—	—
	—	2,297	199	2,496
<i>For the period ended 30 September 2014</i> (<i>unaudited</i>)				
Executive directors:				
Huang Junmou	—	374	40	414
Yang Hua (<i>note a</i>)	—	366	40	406
Luo Mingxing	—	252	23	275
Non-executive directors:				
Yu Zida (<i>note b</i>)	—	—	—	—
Li Xiangcheng	—	362	40	402
Xu Xinhua	—	267	—	267
Independent non-executive directors (<i>note c</i>):				
Lin Zhangxi	—	—	—	—
Qian Haomin	—	—	—	—
Zhao Jinlin	—	—	—	—
	—	1,621	143	1,764

	Fees	Salaries, bonus and other allowances	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<i>For the period ended 30 September 2015</i>				
Executive directors:				
Huang Junmou	89	630	43	762
Yang Hua (<i>note a</i>)	89	630	43	762
Luo Mingxing	89	544	43	676
Non-executive directors:				
Yu Zida (<i>note b</i>)	89	—	—	89
Li Xiangcheng	89	—	—	89
Xu Xinhua	89	—	—	89
Independent non-executive directors (<i>note c</i>):				
Lin Zhangxi	89	—	—	89
Qian Haomin	89	—	—	89
Zhao Jinlin	89	—	—	89
	<u>801</u>	<u>1,804</u>	<u>129</u>	<u>2,734</u>

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

Note 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, there is no reasonable basis to allocate any amount to the Group.

Note 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 years ended 31 December 2012, 2013 and 2014.

Employees

The five highest paid individuals included 3, 3, 4, 4 (unaudited) and 3 individuals who become directors of the Company in 2014 for the years ended 31 December 2012, 2013, 2014 and the nine months ended 30 September 2014 and 30 September 2015 respectively. The emoluments of the remaining 2, 2, 1, 1 (unaudited) and 2 individuals for the years ended 31 December 2012, 2013, 2014 and nine months ended 30 September 2014 and 2015 are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Employees					
- salaries, bonus and allowances ..	721	434	464	334	805
- retirement benefit schemes contributions.....	12	29	52	39	53
	<u>733</u>	<u>463</u>	<u>516</u>	<u>373</u>	<u>858</u>

During the Relevant Periods, the emoluments of remaining employees were within HK\$1,000,000 band.

During the Relevant Periods, 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 the Relevant Periods.

12. NON-CONTROLLING INTERESTS

The following table shows the details of a non-wholly owned subsidiary of the Group that have non-controlling interests.

Name of subsidiary	Place of establishment and principal place of business	Proportion of equity interests and voting power held by non-controlling interests				Loss allocated to non-controlling interests					Accumulated non-controlling interests			
		As at 31 December		As at 30 September		Year ended 31 December			Nine months ended 30 September		As at 31 December		As at 30 September	
		2012	2013	2014	2015	2012	2013	2014	2014	2015	2012	2013	2014	2015
						RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Tela Technology.....	PRC	35.00%	44.75%	N/A	N/A	(4)	(18)	(17)	(17)	—	302	381	—	—

(unaudited)

APPENDIX I
ACCOUNTANTS' REPORT

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

	As at 31 December			As at 30 September	
	2012	2013	2014	2015	
	RMB'000	RMB'000	RMB'000 <i>(note)</i>	RMB'000	
Current assets	<u>863</u>	<u>851</u>	<u>—</u>	<u>—</u>	
	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000 <i>(note)</i>	RMB'000 <i>(unaudited)</i>	RMB'000
Revenue.....	10	—	—	—	—
Expenses.....	<u>(20)</u>	<u>(41)</u>	<u>(38)</u>	<u>(38)</u>	<u>—</u>
Loss and total comprehensive expenses for the year/period	<u>(10)</u>	<u>(41)</u>	<u>(38)</u>	<u>(38)</u>	<u>—</u>
Net cash used in operating activities.....	<u>(23)</u>	<u>(23)</u>	<u>(38)</u>	<u>(38)</u>	<u>—</u>
Net cash from investing activities.....	<u>1</u>	<u>2</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net cash used in financing activities.....	<u>—</u>	<u>—</u>	<u>(813)</u>	<u>(813)</u>	<u>—</u>
Net cash outflow.....	<u>(22)</u>	<u>(21)</u>	<u>(851)</u>	<u>(851)</u>	<u>—</u>
Distribution.....	<u>—</u>	<u>—</u>	<u>(813)</u>	<u>(813)</u>	<u>—</u>

Note: Tela Technology was deregistered on 1 September 2014.

13. DISCONTINUED OPERATION

Pursuant to the Reorganisation as set out in note 2, 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 30.

The results and the cash flows of the discontinued operation during the Relevant Periods were as follows:

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue	5	2,556	1,465	1,374	—
Cost of revenue.....	(25)	(1,039)	(8,938)	(6,945)	—
Other income	23	37	148	44	—
Distribution and selling expenses .	(268)	(1,120)	(4,752)	(3,725)	—
Administrative expenses.....	(1,462)	(3,797)	(5,930)	(4,243)	—
Research and development expenses	(1,592)	(7,018)	(8,058)	(6,577)	—
Loss for the year/period	<u>(3,319)</u>	<u>(10,381)</u>	<u>(26,065)</u>	<u>(20,072)</u>	<u>—</u>

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Net cash used in operating activities.....	(3,282)	(9,180)	(25,238)	(15,164)	—
Net cash from (used in) investing activities.....	3,548	36,396	(15,580)	(15,405)	—
Net cash from financing activities.....	—	—	26,847	22,481	—
Net cash inflow (outflow)	<u>266</u>	<u>27,216</u>	<u>(13,971)</u>	<u>(8,088)</u>	<u>—</u>

14. DIVIDENDS

For the years/period ended 31 December 2012 and 2013 and 30 September 2015, no dividend has been paid or declared by the Group's entities to their shareholders. On 10 May 2014, a dividend of RMB30,000,000 was declared by Shenzhen NNK to the Shareholders.

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 Relevant Periods on the assumption that the Group Reorganisation and Capitalization Issue (note 29) had been effective on 1 January 2012 and the sub-division of shares on 17 April 2015 as described in note 29 has been adjusted retrospectively.

For continuing and discontinued operations

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
Profit for the year/period attributable to owners of the Company for the purposes of basic earnings per share (RMB'000)	21,246	19,876	28,455	14,122	36,478
				(unaudited)	

For continuing operation

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
Profit for the year/period attributable to owners of the Company for the purposes of basic earnings per share (RMB'000)	24,565	30,257	54,520	34,194	36,478
				(unaudited)	

For discontinued operation

Basic loss per share for the discontinued operation for the years ended 31 December 2012, 2013 and 2014 and nine months ended 30 September 2014 and 2015 are RMB0.01, RMB0.03, RMB0.09, RMB0.07 (unaudited) and nil, respectively are calculated based on the loss for the respective years/periods from the discontinued operation of approximately RMB3,319,000, RMB10,381,000, RMB26,065,000, RMB20,072,000 (unaudited) and nil respectively and the denominators detailed above.

There were no dilutive potential ordinary shares during the Relevant Periods and therefore, diluted earnings per share are not presented.

16. INVESTMENT IN A SUBSIDIARY

	As at 31 December 2014 and 30 September 2015
	<u>RMB'000</u>
Unlisted investment — at cost	<u>40</u>

17. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Computer and office equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000
COST				
At 1 January 2012	294	6,377	—	6,671
Additions	619	2,315	—	2,934
Disposals	—	(1,652)	—	(1,652)
At 31 December 2012	913	7,040	—	7,953
Additions	78	10,364	970	11,412
At 31 December 2013	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	—	4,389	—	4,389
Disposals	—	(107)	—	(107)
At 30 September 2015	876	26,376	—	27,252
DEPRECIATION				
At 1 January 2012	46	1,817	—	1,863
Provided for the year	74	1,837	—	1,911
Eliminated on disposals	—	(1,591)	—	(1,591)
At 31 December 2012	120	2,063	—	2,183
Provided for the year	271	2,688	250	3,209
At 31 December 2013	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 period	124	5,389	—	5,513
Eliminated on disposals	—	(70)	—	(70)
At 30 September 2015	600	13,420	—	14,020
CARRYING VALUES				
At 31 December 2012	793	4,977	—	5,770
At 31 December 2013	600	12,653	720	13,973
At 31 December 2014	400	13,993	—	14,393
At 30 September 2015	276	12,956	—	13,232

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

18. INVENTORIES

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Pre-paid mobile top-up credits	<u>99,880</u>	<u>172,291</u>	<u>142,181</u>	<u>252,909</u>

19. TRADE RECEIVABLES

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	<u>23,987</u>	<u>48,005</u>	<u>46,393</u>	<u>57,817</u>

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 respective reporting periods:

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
0 to 30 days.....	23,987	48,005	46,393	57,652
30 to 60 days	<u>—</u>	<u>—</u>	<u>—</u>	<u>165</u>
	<u>23,987</u>	<u>48,005</u>	<u>46,393</u>	<u>57,817</u>

All the trade receivables are neither past due nor impaired during the Relevant Periods.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 30
	2012	2013	2014	September
	RMB'000	RMB'000	RMB'000	2015
Prepayments for mobile top-up credit.....	21,183	32,680	29,320	73,213
Loans to employees	—	—	588	—
Deposits for tendering.....	2,200	500	449	—
Temporary advances to staff.....	—	330	364	557
Others	216	810	593	700
	<u>23,599</u>	<u>34,320</u>	<u>31,314</u>	<u>74,470</u>

21. AMOUNTS DUE FROM/TO SHAREHOLDERS/RELATED COMPANIES/A SUBSIDIARY

The Group

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 and will be settled by way of repayment before listing of the shares of the Company on the Stock Exchange. 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

	As at 31 December			As at 30
	2012	2013	2014	September
	RMB'000	RMB'000	RMB'000	2015
Huang Junmou	650	10,086	4,330	—
Yang Hua.....	—	612	3,788	—
Li Xiangcheng	—	—	1,275	—
Xu Xinhua	—	—	598	—
Huang Shaowu	—	—	54	—
	<u>650</u>	<u>10,698</u>	<u>10,045</u>	<u>—</u>

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

	Years ended 31 December			Nine months ended
				30 September
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Huang Junmou	650	10,086	10,086	4,453
Yang Hua	—	612	3,788	3,914
Li Xiangcheng	—	—	1,275	1,387
Xu Xinhua	—	—	598	651
Huang Shaowu	—	—	54	54

Amounts due from related companies

	As at 31 December			As at 30
				September
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Shenzhou Tongfu	—	—	—	71,842
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")	—	3,911	30,100	—
深圳市神州通行科技有限公司 Shenzhen Shenzhou Tongxing Technology Company Limited ("Shenzhou Tongxing")	—	—	24,000	64,500
深圳市神州泰來傳統文化有限公司 Shenzhen Shenzhou Tailai Tradition Culture Company Limited ("Shenzhou Tailai")	—	115	—	—
深圳市神州通寶金融股務有限公司 Shenzhou Tongbao E-Commerce Service Company Limited ("Tongbao E-Commerce")	—	185	—	—
深圳市好樂充科技有限公司 Shenzhen Haolechong Technology Company Limited ("Haolechong Technology")	—	—	700	—
深圳市寶通動感科技有限公司 Shenzhen Baotong Technology Company Limited ("Baotong Technology")	—	91	—	—

APPENDIX I
ACCOUNTANTS' REPORT

	As at 31 December			As at 30
	2012	2013	2014	September
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Chengdu Tongfu.....	—	—	560	—
深圳市神州通票科技有限公司 Shenzhen Shenzhou Tongpiao Technology Company Limited ("Shenzhou Tongpiao").....	9,668	21,336	5	—
深圳市神州路路通網絡科技有限公司 Shenzhen Shenzhou Lulutong Network Technology Company Limited ("LLT Technology").....	—	101	—	—
深圳市威騰達科技有限公司 Shenzhen Weitengda Technology Company Limited ("Weitengda").....	—	5	5	—
	<u>9,668</u>	<u>25,744</u>	<u>132,295</u>	<u>136,342</u>

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

	Years ended 31 December			Nine months
	2012	2013	2014	ended
	RMB'000	RMB'000	RMB'000	30 September
				RMB'000
Shenzhou Tongfu	—	—	—	118,730
Shenzhen Sinomaster	—	—	76,925	76,925
Shenzhou Tonghao	—	3,911	30,100	30,726
Shenzhou Tongxing	—	—	24,000	64,500
Shenzhou Tailai	—	115	2,589	—
Tongbao E-Commerce	—	185	956	—
Haolechong Technology	—	—	700	700
Baotong Technology	—	91	168	—
Chengdu Tongfu.....	—	—	560	614
Shenzhou Tongpiao	9,668	21,336	37,437	6,004
LLT Technology	—	101	1,937	—
Weitengda	—	5	6	6
	<u>—</u>	<u>5</u>	<u>6</u>	<u>6</u>

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

Amounts due to Shareholders

	As at 31 December			As at 30
				September
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Huang Junmou	277	—	—	—
Yang Hua.....	100	—	—	—
深圳市全球星投資管理有限公司 Shenzhen Quanqiuxing Investment Management Company Limited ("Quanqiuxing")	1,019	—	—	—
	<u>1,396</u>	<u>—</u>	<u>—</u>	<u>—</u>

Amounts due to related companies

	As at 31 December			As at 30
				September
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
深圳市戴眾網絡科技有限公司 Shenzhen Daizhong Network Technology Company Limited ("Daizhong").....	—	549	549	—
Shenzhou Tongfu	—	—	18,964	—
LLT Technology	—	730	—	—
Shenzhou Tailai	—	712	—	—
Shenzhou Tongpiao	40	234	—	—
Quanqiuxing	—	—	79,939	—
	<u>40</u>	<u>2,225</u>	<u>99,452</u>	<u>—</u>

The Company

The amounts are unsecured, interest-free and repayable on demand.

Amounts due from Shareholders

	As at 31 December 2014	As at 30 September 2015
	RMB'000	RMB'000
Huang Junmou	84	—
Yang Hua.....	56	—
Li Xiangcheng	50	—
Xu Xinhua	24	—
Huang Shaowu	54	—
	<u>268</u>	<u>—</u>

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

	From the date of incorporation to 31 December 2014	Nine months ended 30 September 2015
	RMB'000	RMB'000
Huang Junmou	84	84
Yang Hua	56	56
Li Xiangcheng	50	50
Xu Xinhua	24	24
Huang Shaowu	54	54
	<u>268</u>	<u>268</u>
	<u>As at 31 December 2014</u>	<u>As at 30 September 2015</u>
	RMB'000	RMB'000
<u>Amount due to a subsidiary</u>		
Daily Charge HK	<u>—</u>	<u>8,069</u>

22. LOANS TO THIRD PARTIES

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
RMB fixed-rate loans	<u>12,000</u>	<u>17,500</u>	<u>10,500</u>	<u>—</u>

In 2012, 2013 and 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 from 3.45% to 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.

23. RESTRICTED BANK DEPOSIT AND CASH AND CASH EQUIVALENTS

Restricted bank deposit represents the fixed rate deposit in a bank to secure a banking facility, which carries interest at a fixed rate of 3% per annum as at 30 September 2015.

The Group's and the Company's cash and cash equivalents carry interests at prevailing market rates which range from 0.01% to 0.40% per annum as at 31 December 2012, 2013 and 2014 and 30 September 2015.

During the years ended 31 December 2012, 2013 and 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.

As of 31 December 2012, 2013 and 2014 and 30 September 2015, amounts of approximately RMB3,579,000, RMB2,352,000, nil and nil respectively, kept in these bank accounts were included in the cash and cash equivalents of the Group. All individual personal accounts were closed in November 2014.

24. TRADE PAYABLES

	As at 31 December			As at 30
	2012	2013	2014	September
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Amounts due to third parties.....	<u>7,522</u>	<u>32,354</u>	<u>54,059</u>	<u>54,121</u>

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.

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

	As at 31 December			As at 30
	2012	2013	2014	September
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
0 to 90 days.....	7,522	17,971	20,928	18,582
91 to 180 days.....	—	14,383	7,780	8,315
181 to 360 days.....	—	—	<u>25,351</u>	<u>27,224</u>
	<u>7,522</u>	<u>32,354</u>	<u>54,059</u>	<u>54,121</u>

25. OTHER PAYABLES

The Group

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Receipts in advance	7,179	16,872	16,637	27,700
Accrued salaries	1,717	3,433	2,755	1,815
Other taxes payables	296	656	892	1,326
Payable for listing expenses	—	—	—	3,080
Others	681	2,600	454	711
	<u>9,873</u>	<u>23,561</u>	<u>20,738</u>	<u>34,632</u>

The Company

	As at 31 December 2014	As at 30 September 2015
	RMB'000	RMB'000
Payable for listing expenses	—	3,080
Others	19	397
	<u>19</u>	<u>3,477</u>

26. BANK BORROWINGS

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Secured (<i>note</i>)	34,400	35,000	—	7,467
Unsecured	<u>45,000</u>	<u>203,000</u>	<u>103,000</u>	<u>344,999</u>
Repayable on demand or within one year and shown under current liabilities	<u>79,400</u>	<u>238,000</u>	<u>103,000</u>	<u>352,466</u>

Note: The bank borrowings were secured by the properties held by independent third parties and restricted bank deposit. Details are set out in notes 22 and 23, respectively.

Other than a bank borrowing as at 30 September 2015 amounting to RMB7,467,000 which was denominated in HK\$, the Group's bank borrowings were denominated in RMB. The Group's bank borrowings carried interest rates ranging as below:

The Group

	As at 31 December			As at 30 September
	2012	2013	2014	2015
Floating rate bank borrowings	<u>7.00 to 9.18%</u>	<u>5.60 to 7.00%</u>	<u>5.60 to 8.10%</u>	<u>1.64 to 7.00%</u>

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 1.3% to 1.6% per annum.

At 31 December 2012, 2013 and 2014 and 30 September 2015, the Group has available unutilised banking facilities of approximately RMB600,000, RMB12,000,000, nil and RMB66,534,000 respectively.

27. LOANS FROM SHAREHOLDERS/A RELATED COMPANY

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
RMB fixed-rate loans from Shareholders: On demand or within one year and shown under current liabilities	<u>30,100</u>	<u>—</u>	<u>—</u>	<u>—</u>
RMB fixed-rate loan from 深圳市酷奇投資有限公司 Shenzhen Kuqi Investment Company Limited ("Shenzhen Kuqi") which is under the common control of a shareholder: On demand or within one year and shown under current liabilities.....	<u>20,000</u>	<u>—</u>	<u>—</u>	<u>—</u>

Note: At 31 December 2012, loans from Shareholders/a related company were unsecured, repayable on demand and carried fixed interest rate ranged from 7% to 12% per annum. The loans were fully settled in 2013.

28. GOVERNMENT GRANTS

	As at 31 December			As at
	2012	2013	2014	30 September
	RMB'000	RMB'000	RMB'000	2015
Government grants related to assets	<u>1,687</u>	<u>5,044</u>	<u>3,983</u>	<u>2,825</u>
				RMB'000
At 1 January 2012				—
Government grants received				3,000
Credit to profit or loss				(1,313)
At 31 December 2012				1,687
Government grants received				5,000
Credit to profit or loss				(1,643)
At 31 December 2013				5,044
Credit to profit or loss				(1,061)
At 31 December 2014				3,983
Credit to profit or loss				(1,158)
At 30 September 2015				<u>2,825</u>

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/period 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.

29. SHARE/PAID-IN CAPITAL

The paid-in capital of the Group at 31 December 2012 and 2013 represented the paid-in capital of Shenzhen NNK.

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 30 September 2015 represented the share capital of the Company.

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

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

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

Pursuant to written resolutions of the Company's shareholders passed on 14 December 2015, conditional upon the crediting of the share premium account of the Company as a result of the issue of shares pursuant to the Global Offering set out in the section headed "Share Capital" in the Prospectus, the directors of the Company had authorised to allot and issue a total of 295,000,000 shares, by way of capitalization 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 ("Capitalization Issue").

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

	<u>Number of authorised shares</u>	<u>Number of issued shares</u>	<u>Issued and fully paid share capital</u>
As at the 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.....	<u>1,995,000,000</u>	—	—
As at 30 September 2015	<u>2,000,000,000</u>	<u>5,000,000</u>	<u>US\$50,000</u>
Balance presented in RMB'000			<u>308</u>

The Company's statement of changes in equity is as follows:

	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total equity</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Issue of shares at date of incorporation	308	—	308
Loss for the period	—	<u>(19)</u>	<u>(19)</u>
At 31 December 2014	308	(19)	289
Loss for the period	—	<u>(11,474)</u>	<u>(11,474)</u>
At 30 September 2015	<u>308</u>	<u>(11,493)</u>	<u>(11,185)</u>

30. 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	<u>(26,847)</u>
Net assets disposed of	59,490
Cash consideration	<u>(85,000)</u>
Surplus on disposal of subsidiaries	<u>25,510</u>
Analysis of inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	
Cash consideration received during the nine months period ended 30 September 2015	85,000
Cash and cash equivalents disposed of	<u>(15,031)</u>
	<u>69,969</u>

31. 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 Relevant Periods.

The capital structure of the Group consists of debt, which includes bank borrowings and loans from Shareholders, loan from a related company, amounts due to related companies and Shareholders, 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.

32. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	As at 31 December			As at
	2012	2013	2014	30 September
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
The Group				
Financial assets				
Loans and receivables (including cash and cash equivalents).....	<u>77,265</u>	<u>153,881</u>	<u>222,496</u>	<u>242,106</u>
Financial liabilities				
Amortised cost.....	<u>140,856</u>	<u>278,612</u>	<u>259,720</u>	<u>412,193</u>
The Company				
Financial assets				
Loans and receivables (including cash and cash equivalents)...	<u>—</u>	<u>—</u>	<u>268</u>	<u>321</u>
Financial liabilities				
Amortised cost.....	<u>—</u>	<u>—</u>	<u>19</u>	<u>11,546</u>

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, loans from Shareholders/a related company, and bank borrowings. The Company's major financial instruments are amounts due from Shareholders, cash and cash equivalents, other payables and amount due to a subsidiary. 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

(i) Currency risk

As at 30 September 2015, the Group's bank borrowing amounting to RMB7,467,000 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 30 September 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/period 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 the nine months period ended 30 September 2015 would increase/decrease by approximately RMB238,000.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk which arises from fixed-rate loans from Shareholders, loan from a related company, loans to third parties and restricted bank deposit during the Relevant Periods.

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 during the Relevant Periods.

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/period. 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 2012, 2013 and 2014 and the nine months period ended 30 September 2015 would decrease/increase by approximately RMB276,000, RMB855,000, RMB370,000 and RMB1,103,000 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.

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 and the Company'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 and the Company 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.

The Group

	Weighted average effective interest rate	Repayable on demand or within 3 months	3-6 months	6 months to 1 year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2012						
Trade payables	—	7,522	—	—	7,522	7,522
Other payables	—	2,398	—	—	2,398	2,398
Amounts due to related companies	—	40	—	—	40	40
Amounts due to Shareholders	—	1,396	—	—	1,396	1,396
Loan from a related company	7.00	20,233	—	—	20,233	20,000
Loans from Shareholders....	9.50	30,338	—	—	30,338	30,100
Bank borrowings	8.09	60,286	—	20,365	80,651	79,400
		<u>122,213</u>	<u>—</u>	<u>20,365</u>	<u>142,578</u>	<u>140,856</u>

	Weighted average effective interest rate	Repayable on demand or within 3 months	3-6 months	6 months to 1 year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2013 ...						
Trade payables	—	32,354	—	—	32,354	32,354
Other payables	—	6,033	—	—	6,033	6,033
Amounts due to related companies	—	2,225	—	—	2,225	2,225
Bank borrowings	6.16	60,395	126,196	58,177	244,768	238,000
		<u>101,007</u>	<u>126,196</u>	<u>58,177</u>	<u>285,380</u>	<u>278,612</u>

	Weighted average effective interest rate	Repayable on demand or within 3 months	3-6 months	6 months to 1 year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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
		<u>186,750</u>	<u>8,251</u>	<u>69,355</u>	<u>264,356</u>	<u>259,720</u>

	Weighted average effective interest rate	Repayable on demand or within 3 months	3-6 months	6 months to 1 year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 September 2015						
Trade payables	—	54,121	—	—	54,121	54,121
Other payables	—	5,606	—	—	5,606	5,606
Bank borrowings	5.94	58,144	285,441	15,490	359,075	352,466
		<u>117,871</u>	<u>285,441</u>	<u>15,490</u>	<u>418,802</u>	<u>412,193</u>

The Company

	Weighted average effective interest rate	Repayable on demand or within 3 months	3-6 months	6 months to 1 year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2014						
Other payables	—	<u>19</u>	<u>—</u>	<u>—</u>	<u>19</u>	<u>19</u>

	Weighted average effective interest rate	Repayable on demand or within 3 months	3-6 months	6 months to 1 year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 September 2015						
Other payables	—	3,477	—	—	3,477	3,477
Amount due to a subsidiary	—	<u>8,069</u>	<u>—</u>	<u>—</u>	<u>8,069</u>	<u>8,069</u>
		<u>11,546</u>	<u>—</u>	<u>—</u>	<u>11,546</u>	<u>11,546</u>

As at 30 September 2015, the Group's bank borrowings amounting to RMB7,467,000 contain a repayment on demand clause and are included in the "repayable on demand or within 3 months" time 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 30 September 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 RMB7,685,000. Such bank borrowings will be repaid within 1 year in accordance with the scheduled repayment dates set out in the loan agreement.

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 Financial Information approximate their fair value.

33. 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:

	As at 31 December			As at
				30 September
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	1,595	2,747	1,846	1,423
In the second to fifth years inclusive	2,979	3,285	466	305
	<u>4,574</u>	<u>6,032</u>	<u>2,312</u>	<u>1,728</u>

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.

34. 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 Financial Information, the Group entered into the following significant transactions with the related parties during the Relevant Periods:

	Year ended 31 December			Nine months ended	
				30 September	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Service fee paid to					
Shenzhou Tongfu	—	—	41	—	262
Purchase of flight tickets					
from Shenzhou					
Tongpiao	108	279	333	4	—
Purchase of pre-paid					
mobile top-up credits					
from Shenzhen Kuqi	<u>266,760</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

(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 Relevant Periods were as follows:

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other short term benefits	1,419	2,485	3,136	2,181	3,054
Retirement benefit schemes contributions.....	24	127	213	152	182
	<u>1,443</u>	<u>2,612</u>	<u>3,349</u>	<u>2,333</u>	<u>3,236</u>

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 2012, 2013 and 2014 and at 30 September 2015, 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 RMB45,000,000, RMB203,000,000, RMB103,000,000 and RMB344,999,000 respectively.

35. SHARE OPTION SCHEME

On 14 December 2015, the Company adopted a share option scheme conditionally. The principal terms of which are summarized in the section headed "Share Option Scheme" in Appendix IV to the Prospectus.

B. DIRECTORS' REMUNERATION

Save as disclosed elsewhere in the Financial Information, no remuneration has been paid or is payable by the Group to the directors of the Company during the Relevant Periods.

Pursuant to the arrangements currently in force as of the date of this prospectus, the Company estimates the aggregate remuneration (including benefits in kind but excluding discretionary bonuses) payable to the directors of the Company for the year ending 31 December 2015 will be approximately HK\$4,162,000.

C. SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Financial Information, no significant events took place subsequent to 30 September 2015.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the companies now comprising the Group have been prepared in respect of any period subsequent to 30 September 2015.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the accountants' report on the financial information of the Group for the three years ended 31 December 2014 and the nine months period ended 30 September 2015 (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of Company, as set forth in Appendix I to this Prospectus, and is included in this Prospectus for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountants' Report set forth in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2015 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Global Offering been completed as at 30 September 2015 or at any future dates. It is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2015 as set out in the Accountants' Report in Appendix I to this Prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2015	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share	
	RMB'000 <i>(Note 1)</i>	RMB'000 <i>(Note 2)</i>	RMB'000	RMB <i>(Note 3)</i>	HK\$ <i>(Note 4)</i>
Based on an Offer Price of HK\$1.00 per Share	<u>134,469</u>	<u>55,075</u>	<u>189,544</u>	<u>0.47</u>	<u>0.57</u>
Based on an Offer Price of HK\$1.76 per Share	<u>134,469</u>	<u>118,626</u>	<u>253,095</u>	<u>0.63</u>	<u>0.76</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2015 is based on the consolidated net assets of the Group attributable to owners of the Company of approximately RMB134,469,000 as extracted from the Accountants' Report set out in Appendix I to this Prospectus.
- (2) The estimated net proceeds from the Global Offering are based on 100,000,000 Shares at the Offer Price of HK\$1.76 and HK\$1.00, being the high-end and low-end of the stated offer price range, per Offer Price, after deduction of the underwriting fees and other related expenses payable by the Company (other than expenses already recognised in profit or loss up to 30 September 2015). It does not take into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of HK\$1 to RMB0.8362, which was the rate prevailing on 18 December 2015. No representation is made that Hong Kong dollars amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or at any other rates or at all.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share has been arrived at after making the adjustments referred to in this section on the basis of a total of 400,000,000 Shares comprising 300,000,000 Shares in issue taking into account the Capitalization Issue and 100,000,000 shares to be issued pursuant to the Global Offering. It does not take into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is converted from RMB into Hong Kong dollars at the rate of HK\$1.00 to RMB0.8362. No representation is made that the RMB amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that date or at any other rates or at all.
- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2015 to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2015.

B. ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of an assurance report received from reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose of incorporation in this Prospectus.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF NNK GROUP LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of NNK Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 September 2015 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 24 December 2015 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in the Prospectus) on the Group's financial position as at 30 September 2015 as if the Global Offering had taken place at 30 September 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the three years ended 31 December 2014 and the nine months ended 30 September 2015, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2015 would have been as presented.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

24 December 2015

Set out below is a summary of certain provisions of the Memorandum and the Articles of Association and of certain aspects of Cayman Companies Law.

Our company was incorporated in the Cayman Islands as an exempted company with limited liability on June 18, 2014 under the Companies Law. Our company's constitutional documents consist of the Memorandum and the Articles of Association.

1. *Memorandum of Association*

- (a) The Memorandum of Association was conditionally adopted on December 14, 2015 and will become effective on the Listing Date and states, among other things, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.
- (b) The Memorandum of Association is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus.

2. *Articles of Association*

The Articles of Association were conditionally adopted on December 14, 2015 and will become effective on the Listing Date and include provisions to the following effect:

a. *Classes of Shares*

The share capital of the Company consists of ordinary shares. The authorized share capital of the Company as at the date of adoption of the Articles of Association is US\$20,000,000 divided into 2,000,000,000 shares of US\$0.01 each.

b. *Directors*

i. Power to allot and issue Shares

Subject to the provisions of the Companies Law and the Memorandum of Association and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof is, liable to be redeemed.

ii. Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

iii. Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

iv. Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective associates which are equivalent to the restrictions imposed by the Companies Ordinance.

v. Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

vi. Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associate(s)) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

1. the giving to such Director or any of his close associate(s) of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
2. the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
3. any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
4. any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - a. the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associate(s) may benefit; or

b. the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associate(s) and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

5. any contract or arrangement in which the Director or any of his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

vii. Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

viii. Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. No person shall, unless recommended by the Directors, 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 of the Company 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.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

1. if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
2. if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;
3. if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

4. if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
5. if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;
6. if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
7. if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

ix. **Borrowing powers**

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

x. **Proceedings of the Board**

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

c. ***Alteration to constitutional documents***

No alteration or amendment to the Memorandum of Association or Articles of Association may be made except by special resolution.

d. *Variation of rights of existing shares or classes of shares*

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

e. *Alteration of capital*

The Company may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- i. consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

- ii. cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and
- iii. sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Companies Law.

f. ***Special resolution — majority required***

A “special resolution” is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

g. ***Voting rights***

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorized in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorization, including, where a show of hands is allowed, the right to vote individually on a show of hands.

h. *Annual general meetings*

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other general meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 months (or such longer period as the Stock Exchange may authorize) shall elapse between the date of one annual general meeting of the Company and that of the next.

i. *Accounts and audit*

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorized by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at any annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

j. *Notice of meetings and business to be conducted thereat*

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice

convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- i. in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote **thereat** or their proxies; and
- ii. in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- i. the declaration and sanctioning of dividends;
- ii. the consideration and adoption of the accounts and balance sheets and the reports of the Directors and the auditors and other documents required to be annexed to the balance sheet;
- iii. the election of Directors in place of those retiring;
- iv. the appointment of auditors;
- v. the fixing of, or the determining of the method of fixing of, the remuneration of the Directors and of the auditors;
- vi. the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than 20% (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to sub-paragraph vii below; and
- vii. the granting of any mandate or authority to the Directors to repurchase securities of the Company.

k. *Transfer of shares*

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- i. the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- ii. the instrument of transfer is in respect of only one class of shares;
- iii. the instrument of transfer is properly stamped (in circumstances where stamping is required);
- iv. in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- v. the shares concerned are free of any lien in favor of the Company; and
- vi. a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on six business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company

closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

l. *Power of the Company to purchase its own shares*

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

m. *Power of any subsidiary of the Company to own shares*

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

n. *Dividends and other methods of distribution*

Subject to the Companies Law and Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other moneys payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

o. *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

p. *Calls on shares and forfeiture of shares*

The Directors may from time to time make calls upon the members of the Company in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the Company at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other moneys due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

q. ***Inspection of register of members***

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on six business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the

newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

r. ***Quorum for meetings and separate class meetings***

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph d above.

s. ***Rights of minorities in relation to fraud or oppression***

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

t. ***Procedure on liquidation***

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole

of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

u. *Untraceable members*

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN COMPANIES LAW AND TAXATION

1. Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2. Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 18, 2014 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

3. Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- a. paying distributions or dividends to members;
- b. paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- c. in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);
- d. writing-off the preliminary expenses of the company;
- e. writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- f. providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4. Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5. Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6. Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7. Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8. Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

- all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- all sales and purchases of goods by the company; and
- the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9. Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10. Inspection of Books and Records

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11. Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12. Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13. Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization,

if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14. Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15. Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16. Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17. Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18. Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19. Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20. Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21. General

Maples and Calder, the Company's legal advisors on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Companies Law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Companies Law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation**

Our company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on June 18, 2014.

Our company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance and our principal place of business in Hong Kong is at 18/F Tesbury Centre, 28 Queen's Road East, Hong Kong. Ms. Wong Wai Ling has been appointed as the authorized representative of our company for the acceptance of service of process and notices in Hong Kong.

As our company is incorporated in the Cayman Islands, it operates subject to the relevant law of the Cayman Islands and its constitution which comprises a memorandum of association and articles of association. A summary of the relevant aspects of the Cayman Companies Law and certain provisions of the Articles of Association is set out in Appendix III to this prospectus.

2. Subsidiaries

Our subsidiaries are listed in "Appendix I — Accountants' Report" to this prospectus.

Save for the subsidiaries mentioned in the Accountants' report, we do not have any other subsidiaries.

3. Changes in share capital of our company

As at the date of incorporation of our company, our authorized share capital as of the date of our incorporation was US\$50,000 divided into 50,000 shares of a par value of US\$1.00 each.

On April 17, 2015, each of the 50,000 shares with par value of US\$1.00 each was subdivided into 100 Shares of a par value of US\$0.01 each and the authorized share capital of our company was increased from US\$50,000 divided into 5,000,000 Shares of a par value of US\$0.01 each to US\$20,000,000 divided into 2,000,000,000 Shares each of a par value of US\$0.01 each by the creation of an additional 1,995,000,000 Shares of a par value of US\$0.01 each to rank pari passu in all respects with the existing Shares.

Immediately following completion of the Capitalization Issue and the Global Offering but not taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme and not taking into account of the exercise of the Over-allotment Option, the issued share capital of our company will be US\$4,000,000 divided into 400,000,000 Shares, all fully paid or credited as fully paid, and 1,600,000,000 Shares will remain unissued.

Except as disclosed in this prospectus, there has been no alteration in the share capital of our company since its incorporation.

4. Changes in share capital or registered capital of our subsidiaries

Phone Charge Technology

On June 19, 2014, Phone Charge Technology was incorporated under the laws of the BVI as a wholly-owned subsidiary of our company with issued share capital of HK\$50,000. On the same day, 50,000 shares were allotted and issued to our company.

Daily Charge HK

On July 7, 2014, Daily Charge HK was incorporated under Hong Kong law as a wholly-owned subsidiary of Phone Charge Technology with issued share capital of HK\$50,000. On the same day, 50,000 shares were allotted and issued to Phone Charge Technology.

Daily Charge Shenzhen

As at January 30, 2015, being the date of establishment of Daily Charge Shenzhen as a limited liability company in the PRC as our WFOE, the registered capital of Daily Charge Shenzhen was RMB1,000,000. Daily Charge Shenzhen is a direct wholly-owned subsidiary of Daily Charge HK.

Shenzhen NNK

At the beginning of the Track Record Period, Shenzhen NNK was held as to 31.5%, 21%, 18.7%, 8.8% and 20% by Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua and Global Star, a company indirectly owned by Huang Shaowu, respectively. On June 30, 2014, as part of the Reorganization, Global Star transferred all of its equity interest in Shenzhen NNK to Huang Shaowu for a consideration of RMB20,000,000. For further details of the transfer, please refer to the section headed “Our Reorganization — Transfer of Equity Interest in Shenzhen NNK by Global Star”.

Upon completion of the transfer of the equity interest, Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua and Huang Shaowu held 31.5%, 21%, 18.7%, 8.8% and 20% of the equity interest in Shenzhen NNK, respectively.

Except as set out in this appendix, there has been no alteration in the share capital or registered capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

5. Written Resolutions of Shareholders

Pursuant to written resolutions of the Shareholders passed on December 14, 2015:

- (a) the Capitalization Issue, the Global Offering, the allotment and issue of the Offer Shares (or such other number of Shares to be issued in accordance with the terms of this prospectus) under the Global Offering, the Over-allotment Option and the Listing were approved;

- (b) the rules of the Share Option Scheme of our company were approved and adopted;
- (c) the general mandate to allot shares as further described in the section headed “Share Capital” of this prospectus was approved; and
- (d) the general mandate to repurchase as further described in the section headed “Share Capital” of this prospectus was approved.

6. Repurchase of our Shares and restrictions on Share repurchases

This section includes information relating to the repurchases of securities, including information required by the Stock Exchange to be included in this prospectus in connection with such repurchase.

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) *Shareholders’ approval*

All proposed repurchases of Shares must be approved in advance by an ordinary resolution of the Shareholders in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

Pursuant to the written resolutions passed on December 14, 2015 by all our Shareholders in general meeting, subject to the Global Offering becoming unconditional, a general mandate (the “Repurchase Mandate”) was given to our Directors to exercise all powers of our company to repurchase Shares (Shares which may be listed on the Stock Exchange) with a total nominal value of not more than ten per cent of the aggregate nominal value of our share capital in issue or to be issued immediately following the completion of the Global Offering (without taking into account the exercise of the Over-Allotment Option), details of which have been described above in the paragraph headed “5. Written Resolutions of Shareholders”.

(ii) *Source of funds*

Any repurchases of Shares by us must be paid out of funds legally available for the purpose in accordance with our Articles of Association, the Listing Rules and the Cayman Companies Law. We are not permitted to repurchase our Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) *Shares to be repurchased*

The Listing Rules provide that the Shares which are proposed to be repurchased by us must be fully-paid up.

(b) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our company and our Shareholders for our Directors to have general authority from the Shareholders to enable them to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our company and our Shareholders.

(c) *Funding of repurchases*

In repurchasing Shares, we may only apply funds legally available for such purpose in accordance with our Memorandum and Articles of Association, the Listing Rules, the Cayman Companies Law and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position of our company as disclosed in this prospectus and taking into account its current working capital position, our Directors consider that, if the Repurchase Mandate is exercised in full, it might have a material adverse effect on our working capital and/or gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(d) *Share Capital*

Exercise in full of the Repurchase Mandate, on the basis of 400,000,000 Shares in issue immediately after the listing of the Shares (taking no account of the Over-allotment Option and of any Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme), could accordingly result in up to 40,000,000 Shares being repurchased by our company during the period until:

- (i) the conclusion of the next annual general meeting of our company;
- (ii) the expiration of the period within which the next annual general meeting of our company is required by any applicable law or our Memorandum and Articles of Association to be held;
- (iii) the date on which the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting,

whichever occurs first.

(e) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to us.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Except as mentioned above, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

We have not made any repurchases of our own securities in the past six months.

No connected person has notified us that he or she has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. REORGANIZATION

For details of the Reorganization, please refer to the section headed "History, Reorganization and Corporate Structure — Our Reorganization" in this prospectus.

C. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) the Deed of Non-Competition dated September 23, 2015 entered into by the Controlling Shareholders in favor of our company, whereby the Controlling Shareholders gave certain non-competition undertakings in favor of our company, the particulars of which are set out in the section headed "Relationship with Controlling Shareholders — Deed of Non-Competition";
- (b) the Deed of Indemnity dated September 23, 2015 entered into by the Controlling Shareholders in favor of our company, the particulars of which are set out in the section headed "Statutory and General Information — G. Other Information — 1. Deed of Indemnity" in Appendix IV to this prospectus;





- (c) the Hong Kong Underwriting Agreement;
- (d) the management and operation agreement dated March 4, 2015 and the supplemental agreement No.1 (the “Management and Operation Agreement”) dated April 16, 2015 entered into between Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders, whereby Daily Charge Shenzhen agreed to provide to Shenzhen NNK and its subsidiaries management and operation services, the particulars of which are set out in the section headed “History, Reorganization and Corporate Structure — Contractual Arrangements” in this prospectus;
- (e) the exclusive option agreement (the “Exclusive Option Agreement”) dated March 4, 2015 entered into between Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders, whereby the Registered Shareholders granted an exclusive option to Daily Charge Shenzhen to elect to purchase all or any part of the equity interests in Shenzhen NNK from the Registered Shareholders, the particulars of which are set out in the section headed “History, Reorganization and Corporate Structure — Contractual Arrangements” in this prospectus;
- (f) the entrustment agreement (the “Entrustment Agreement”) dated March 4, 2015 entered into between Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders, with an annexure of the power of attorney dated March 4, 2015 executed by each of the Registered Shareholders in favor of Daily Charge Shenzhen and/or its designated persons, whereby each of the Registered Shareholders irrevocably agreed to authorize Daily Charge Shenzhen and/or its designated persons to exercise all of his rights and powers as shareholder of Shenzhen NNK, the particulars of which are set out in the section headed “History, Reorganization and Corporate Structure — Contractual Arrangements” in this prospectus;
- (g) the equity pledge agreement dated March 4, 2015 entered into between Daily Charge Shenzhen, Shenzhen NNK and the Registered Shareholders, whereby the Registered Shareholders agreed to pledge all of their respective equity interests in Shenzhen NNK to Daily Charge Shenzhen to secure performance of obligations under the Management and Operation Agreement, the Exclusive Option Agreement and the Entrustment Agreement, the particulars of which are set out in the section headed “History, Reorganization and Corporate Structure — Contractual Arrangements” in this prospectus;
- (h) an exclusive intellectual property purchase option agreement dated March 4, 2015 entered into between Shenzhen NNK and Daily Charge Shenzhen, whereby Shenzhen NNK agreed to grant an exclusive option to Daily Charge Shenzhen to purchase certain of Shenzhen NNK’s intellectual properties at the minimum purchase price permitted under the PRC laws and regulations, the particulars of which are set out in the section headed “History, Reorganization and Corporate Structure — Contractual Arrangements” in this prospectus;

- (i) the equity transfer agreement dated June 9, 2014 entered into between Shenzhen NNK and Sinomaster Investment in respect of transfer of 90.5% equity interest in Shenzhou Tongfu from Shenzhen NNK to Sinomaster Investment at a consideration of RMB 76,925,000;
- (j) the equity transfer agreement dated June 9, 2014 entered into between Shenzhen NNK and Huang Junmou in respect of transfer of 3.711% equity interest in Shenzhou Tongfu from Shenzhen NNK to Huang Junmou at a consideration of RMB3,154,350;
- (k) the equity transfer agreement dated June 9, 2014 entered into between Shenzhen NNK and Yang Hua in respect of transfer of 3.673% equity interest in Shenzhou Tongfu from Shenzhen NNK to Yang Hua at a consideration of RMB3,122,050;
- (l) the equity transfer agreement dated June 9, 2014 entered into between Shenzhen NNK and Li Xiangcheng in respect of transfer of 1.441% equity interest in Shenzhou Tongfu from Shenzhen NNK to Li Xiangcheng at a consideration of RMB1,224,850;
- (m) the equity transfer agreement dated June 9, 2014 entered into between Shenzhen NNK and Xu Xinhua in respect of transfer of 0.675% equity interest in Shenzhou Tongfu from Shenzhen NNK to Xu Xinhua at a consideration of RMB573,750;
- (n) the equity transfer agreement dated June 9, 2014 entered into between Shenzhen NNK and Huang Junmou in respect of transfer of 18.9% equity interest in Shenzhou Tonghao from Shenzhen NNK to Huang Junmou at a consideration of RMB189,000;
- (o) the equity transfer agreement dated June 9, 2014 entered into between Shenzhen NNK and Yang Hua in respect of transfer of 12.6% equity interest in Shenzhou Tonghao from Shenzhen NNK to Yang Hua at a consideration of RMB126,000;
- (p) the equity transfer agreement dated June 9, 2014 entered into between Shenzhen NNK and Sinomaster Investment in respect of transfer of 12.0% equity interest in Shenzhou Tonghao from Shenzhen NNK to Sinomaster Investment at a consideration of RMB120,000;
- (q) the equity transfer agreement dated June 9, 2014 entered into between Shenzhen NNK and Li Xiangcheng in respect of transfer of 11.22% equity interest in Shenzhou Tonghao from Shenzhen NNK to Li Xiangcheng at a consideration of RMB112,200;
- (r) the equity transfer agreement dated June 9, 2014 entered into between Shenzhen NNK and Xu Xinhua in respect of transfer of 5.28% equity interest in Shenzhou Tonghao from Shenzhen NNK to Xu Xinhua at a consideration of RMB52,800; and
- (s) the undertakings dated August 24, 2015, signed by each of Huang Junmou, Yang Hua, Li Xiangcheng and Xu Xinhua in respect of undertakings relating to restrictions under the Draft Foreign Investment Law.

2. Intellectual Property Rights of our Group

Trademarks

As at the Latest Practicable Date, we have registered the following trademarks:

Trademark	Place of Registration	Class	Registration Number	Expiry Date
	PRC	36	6203902	2020-03-27
	HK	9, 35, 36, 38, 42	303105954	2024-08-18
	HK	9, 35, 36, 38, 42	303105945	2024-08-18
	PRC	9	6681857	2020-09-27

Domain Names

As of the Latest Practicable Date, we have registered the following domain names:

Domain Name	Registration Date	Expiry Date
007ka.com	2006-05-14	2016-05-14
nnk.hk.....	2014-10-09	2016-10-09
nnk100.com	2009-10-06	2016-10-06
007ka.cn	2006-05-15	2016-05-15
nnk100.cn	2009-10-06	2016-10-06
nnk100.com.cn	2009-10-06	2016-10-06
007ka.com.cn	2006-05-15	2016-05-15
007ka.net	2006-05-15	2016-05-15
nnk100.net	2009-10-06	2016-10-06
007卡.中國.....	2006-05-15	2018-05-15
007卡.cn	2006-05-15	2018-05-15
007卡.net	2006-05-15	2016-05-15
007卡.com	2006-05-15	2016-05-15
007ka.net.cn.....	2006-05-15	2016-05-15
007card.com.....	2007-03-20	2016-03-20
007card.net	2007-03-20	2016-03-20
007card.cn	2007-03-20	2016-03-20
007card.com.cn	2007-03-20	2016-03-20
007card.net.cn.....	2007-03-20	2016-03-20
kpfsc.cn	2012-02-06	2016-02-08
nnk.com.hk	2014-10-15	2016-10-15
007ka.hk	2015-09-02	2016-09-02
007ka.com.hk.....	2015-09-02	2016-09-02
21hd.net.....	2000-09-18	2016-09-18
88888007.cn.....	2009-10-06	2016-10-06
88888007.com.cn	2009-10-06	2016-10-06
88888007.com.....	2009-10-07	2016-10-07
88888007.net.cn	2009-10-06	2016-10-06
88888007.net	2007-10-07	2016-10-07
longforward.com	2003-11-23	2018-11-23
mocinfo.com	2004-09-10	2016-09-10

Copyrights

As of the Latest Practicable Date, we have registered the following copyrights:

Name of Software Registered as a Copyrighted Work	Place of Registration	Software Product Registration Number	Date of Initial Publication
007ka batch recharge platform V1.0	PRC	2012SR040194	2012-02-01
007KA customer management platform software V1.0	PRC	2012SR023670	2010-09-22
007KA internal stock management software V1.0	PRC	2012SR023534	2009-12-01
007KA inventory management software V1.0	PRC	2012SR023667	2011-08-26
007KA prepaid top-up software V1.0	PRC	2012SR023674	2010-08-17
007ka school fee management system V1.0	PRC	2012SR039911	2012-02-01
007ka customer service system V1.0	PRC	2012SR039974	2007-01-01
Game cards dealer platform V1.0	PRC	2013SR034634	2012-10-29
Game cards management platform system	PRC	2013SR034362	2013-01-15
Mobile terminal game cards platform V1.0	PRC	2013SR034363	2012-12-28

Except as disclosed in this sub-section headed “— 2. Intellectual Property Rights of our Group”, there are no other trade or service marks, patents, other intellectual property rights which are or may be material in relation to our business.

D. FURTHER INFORMATION ABOUT OUR DIRECTORS**1. Service contracts and letters of appointment of our Directors**

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

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

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

The current basic annual fees of our executive Directors, non-executive Director and independent non-executive Directors (excluding any discretionary bonus) are as follows:

Name	Annual Amount (HK\$ in thousands)
Mr. Huang Junmou (黃俊謀)	1,414
Mr. Yang Hua (楊華).....	1,401
Mr. Luo Mingxing (羅明星)	1,276
Mr. Li Xiangcheng (李享成)	150
Mr. Xu Xinhua (許新華)	150
Mr. Yu Zida (喻子達)	150
Mr. Lin Zhangxi (林漳希)	150
Mr. Qian Haomin (錢昊旻).....	150
Ms. Zhao Jinlin (趙晉琳)	150

Except as disclosed above, none of our Directors has entered or has proposed to enter into any service contract with our company or any of our subsidiaries (other than contracts expiring or determinable by the employer within 1 year without the payment of compensation (other than statutory compensation)).

2. Remuneration of our Directors during the Track Record Period

During the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, the aggregate of the remuneration, including fees, salaries, discretionary bonus, defined contribution plans (including pension), housing and other allowances, and other benefits in kind, paid to our Directors by us and our subsidiaries was approximately RMB1.2 million, RMB2.1 million, RMB2.5 million and RMB2.7 million, respectively.

Except as disclosed above, no other payments have been made, or are payable, in respect of the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015 by us to our Directors.

Under the arrangements currently in force, we estimate that the aggregate of the remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the financial year ending December 31, 2015 will be approximately HK\$4,162,000.

E. DISCLOSURE OF INTERESTS**1. Disclosure of Interests****(a) *Interests and short positions of our Directors in our share capital and our associated corporations immediately following the Global Offering***

Immediately following completion of the Global Offering and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme of our company or the exercise of the Over-allotment Option, the interests or short positions of our Directors and the chief executive in our Shares, underlying Shares and debentures and our associated corporations, within the meaning of Part XV of the SFO which will have to be notified to our company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interests and short positions in our Shares, underlying Shares and debentures and our associated corporations:

Long Positions in our company

<u>Name of Director</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of interest in our company</u>
Huang Junmou ⁽¹⁾	Interest in controlled corporation	94,500,000	23.6%
Yang Hua ⁽²⁾	Interest in controlled corporation	63,000,000	15.8%
Li Xiangcheng ⁽³⁾	Interest in controlled corporation	56,100,000	14.0%
Xu Xinhua ⁽⁴⁾	Interest in controlled corporation	26,400,000	6.6%

Notes:

- (1) Huang Junmou beneficially owns 100% of the share capital of Fun Charge Technology. By virtue of the SFO, Huang Junmou is deemed to be interested in 94,500,000 shares held by Fun Charge Technology.
- (2) Yang Hua beneficially owns 100% of the share capital of Happy Charge Technology. By virtue of the SFO, Yang Hua is deemed to be interested in 63,000,000 shares held by Happy Charge Technology.
- (3) Li Xiangcheng beneficially owns 100% of the share capital of Cool Charge Technology. By virtue of the SFO, Li Xiangcheng is deemed to be interested in 56,100,000 shares held by Cool Charge Technology.
- (4) Xu Xinhua beneficially owns 100% of the share capital of Enjoy Charge Technology. By virtue of the SFO, Xu Xinhua is deemed to be interested in 26,400,000 shares held by Enjoy Charge Technology.

Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

Immediately following completion of the Global Offering and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme of our company or the exercise of the Over-allotment Option, in addition to the interests disclosed under paragraph (a) above, so far as our Directors are aware, the following persons are expected to have interests or short positions in our Shares or underlying Shares which are required to be disclosed to the provisions of Divisions 2 and 3 of Part XV of the SFO or, are expected to be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

Interests and short positions in our Shares and underlying Shares:

Substantial Shareholder	Name of Company	Capacity/Nature of interest	Number of Shares upon listing	Approximate percentage of shareholding or interest in our company immediately following the completion of the Global Offering
Huang Junmou ⁽¹⁾	Our company	Interest in a controlled corporation	94,500,000	23.6%
Fun Charge Technology ⁽¹⁾	Our company	Beneficial owner	94,500,000	23.6%
Yang Hua ⁽²⁾	Our company	Interest in a controlled corporation	63,000,000	15.8%
Happy Charge Technology ⁽²⁾	Our company	Beneficial owner	63,000,000	15.8%
Li Xiangcheng ⁽³⁾	Our company	Interest in a controlled corporation	56,100,000	14.0%
Cool Charge Technology ⁽³⁾	Our company	Beneficial owner	56,100,000	14.0%
Huang Shaowu ⁽⁴⁾	Our company	Interest in a controlled corporation	60,000,000	15.0%
China Charge Technology ⁽⁴⁾	Our company	Beneficial owner	60,000,000	15.0%
Xu Xinhua ⁽⁵⁾	Our company	Interest in a controlled corporation	26,400,000	6.6%
Enjoy Charge Technology ⁽⁵⁾	Our company	Beneficial owner	26,400,000	6.6%

Notes:

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

- (2) Yang Hua beneficially owns 100% of the share capital of Happy Charge Technology. By virtue of the SFO, Yang Hua is deemed to be interested in 63,000,000 shares held by Happy Charge Technology.
- (3) Li Xiangcheng beneficially owns 100% of the share capital of Cool Charge Technology. By virtue of the SFO, Li Xiangcheng is deemed to be interested in 56,100,000 shares held by Cool Charge Technology.
- (4) Huang Shaowu beneficially owns 100% of the share capital of China Charge Technology. By virtue of the SFO, Huang Shaowu is deemed to be interested in 60,000,000 shares held by China Charge Technology.
- (5) Xu Xinhua beneficially owns 100% of the share capital of Enjoy Charge Technology. By virtue of the SFO, Xu Xinhua is deemed to be interested in 26,400,000 shares held by Enjoy Charge Technology.

2. Disclaimers

Except as disclosed in the sub-section headed “— E. Disclosure of Interests” of this Appendix to this prospectus:

- (i) none of our Directors nor any of the parties listed in the sub-section headed “— E. Disclosure of Interests” of this Appendix is interested in the promotion of our company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to us or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our company or any of our subsidiaries;
- (ii) none of our Directors nor any of the parties listed in the sub-section headed “— E. Disclosure of Interests” of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business; and
- (iii) none of our Directors or their associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group.

F. SHARE OPTION SCHEME

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by our company on December 14, 2015.

(a) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph (b) below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our company with the view to achieving the objective of attracting and retaining high calibre Eligible Participants and to motivate them to higher levels of performance.

(b) *Who may join*

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “Eligible Participants”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below to:

- (i) any full-time employees of our company or any of our subsidiaries; and
- (ii) any executive or non-executive directors (including Independent Non-executive Directors) of our company or any of our 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 favor of our company of HK\$1.00 by way of consideration for the grant thereof, is received by our 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.

Subject to paragraphs (l), (m), (n), (o) and (p), an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price (as defined below) for Shares in respect of which the notice is given. Within 28 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our company or the approved independent financial advisor as the case may be pursuant to paragraph (r), our company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of Shares so allotted.

The exercise of any Option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorized share capital of our company.

(d) *Maximum number of Shares*

The maximum number of Shares in respect of which Options may be granted under the Share Option Scheme and under any other share option schemes of our company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering (but taking no account of any Shares which may be allotted or issued pursuant to the exercise of the Over-allotment Option), being 40,000,000 Shares, excluding for this purpose Shares which

would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our company). Subject to the issue of a circular by our 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 our 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 our company to our 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.

Notwithstanding the foregoing and subject to paragraph (r) below, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our 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 our company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our company or an approved independent financial advisor shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our company in accordance with paragraph (r) below whether by way of consolidation, capitalization issue, rights issue, sub-division or reduction of the share capital of our company but in no event shall exceed the limit prescribed in this paragraph.

(e) *Maximum number of options to any one individual*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our 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 our 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 our 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 our 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 our 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 our Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine (or, alternatively, documents accompanying the offer document which state), among others:

- (A) the Eligible Participant's name, address and occupation;
- (B) the date on which an Option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
- (C) the date upon which an offer for an Option must be accepted;
- (D) the date upon which an Option is deemed to be granted and accepted in accordance with paragraph (c);
- (E) the number of Shares in respect of which the Option is offered;
- (F) the subscription price and the manner of payment of such price for Shares on and in consequence of the exercise of the Option;
- (G) the date of the notice given by the grantee in respect of the exercise of the Option; and
- (H) the method of acceptance of the Option which shall, unless the Board otherwise determines, be as set out in paragraph (c).

(f) *Price of Shares*

Subject to any adjustments made as described in paragraph (r) below, the subscription price (the "Subscription Price") of a Share in respect of any particular Option granted under the Share Option 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 our 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 our 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 our 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 our Shares.

(g) *Granting options to connected persons*

Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) (other than an Independent Non-executive Director) of our company or any of their respective associates is required to be approved by the Independent Non-executive Directors (excluding any Independent Non-executive Director who is the grantee of the Options). If the Board proposes to grant options to a substantial shareholder or any Independent Non-executive Director or their respective associates which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of our Shares in issue; and
- (ii) having an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options will be subject to the issue of a circular by our company and the approval of our Shareholders in general meeting at which all connected persons (as defined in the Listing Rules) of our company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken by poll.

The circular to be issued by our company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the Subscription Price) of the options to be granted to each selected Eligible Participant which must be fixed before the Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the Subscription Price of such options;
- (ii) a recommendation from the Independent Non-executive Directors (excluding any Independent Non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

(h) *Restrictions on the times of grant of Options*

A grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published or disclosed in accordance with the requirements of the Listing Rules. In particular, no Options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our company's results for any year, half-year, quarter or other interim period (whether or not required under the Listing Rules);
- (ii) the deadline for our company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarter or other interim period (whether or not required under the Listing Rules) and ending on the date of actual publication of the results announcement;
- (iii) notwithstanding clauses (i) and (ii) above, no Options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) *Rights are personal to grantee*

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof). No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any Option. Any breach of the foregoing shall entitle our company to cancel any outstanding Options or any part thereof granted to such grantee.

(j) *Time of exercise of Option and duration of the Share Option Scheme*

An Option may be exercised in accordance with the terms of the Share Option 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 Share Option Scheme. Subject to earlier termination by our company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(k) *Performance target*

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(l) *Rights on ceasing employment or death*

If the grantee of an option ceases to be an employee of our company or any of our subsidiaries

- (i) by any reason other than death or termination of his employment on the grounds specified in paragraph (m) below, the grantee may exercise the Option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month following the date of cessation, which date shall be the last actual working day with the company or the relevant subsidiary whether salary is paid in lieu of notice or not; or
- (ii) by reason of death, his personal representative(s) may exercise the option in full (to the extent not already exercised) within a period of 12 months (or such longer period as the Board may determine) from the date of death, failing which it will lapse.

(m) *Rights on dismissal*

If the grantee of an option ceases to be an employee of our company or any of our subsidiaries on the grounds that he has been guilty of serious misconduct, or has been convicted of any criminal offense involving his integrity or honesty, or (if so determined by the Board or the board of directors of the relevant Group company (as the case may be)) on any other grounds on which an employer would be entitled to summarily terminate his office or employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his Option will lapse and not be exercisable (to the extent not already exercised) after the date of termination of his employment.

(n) *Rights on takeover*

If a general offer is made to all Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Code)) and such offer becomes or is declared unconditional during the option period of the relevant Option, the grantee of an Option shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) *Rights on winding-up*

In the event a notice is given by our company to our members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our company or an order of the court is made for the winding-up of our company, our company shall give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) may elect to be treated as if the Options (to the extent not already exercised) had been exercised immediately before the passing of such resolution either to the full extent or to the extent specified on the grantee's notice, by giving notice in writing to our company within 21 days after the date of the winding-up notice, accompanied by a remittance for the full amount of the aggregate Subscription Price for Shares in respect of which the notice is given, whereupon the grantee will be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares the subject of such election.

(p) *Rights on compromise or arrangement between our company and our members or creditors*

If, pursuant to the Cayman Companies Law, a compromise or arrangement between our company and our Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our company or its amalgamation with any other companies, our company shall give notice to all the grantees of the Options on the same day as it gives notice of the meeting to our Shareholders or creditors summoning the meeting to consider such a compromise or arrangement and any grantee (or his legal personal representative) may by notice in writing to our company accompanied by a remittance for the full amount of the aggregate subscription price for Shares in respect of which the notice is given, exercise the option to its full extent or to the extent specified in the notice at any time prior to 12:00 noon on the day immediately preceding the date of the meeting directed to be convened by the Court for the purposes of considering such compromise or arrangement.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. The Directors shall endeavor to procure that Shares issued under this paragraph (p) shall for the purposes of such compromise or arrangement form part of the issued share capital of our company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court, the rights of grantees to exercise their respective Options shall with effect from the date of the making of the order by the court be restored in full but only upon the extent not already exercised and shall become exercisable.

(q) *Ranking of Shares*

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise.

(r) *Effect of alterations to capital*

In the event of any alteration in the capital structure of our company whilst any Option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer, consolidation, sub-division or reduction of share capital of our company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any Options so far as unexercised and/or the aggregate number of Shares subject to outstanding Option and/or the subscription price as the auditors of our company or an independent financial advisor shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with the requirements of Rule 17.03(13) of the Listing Rules or other rules, practices or directions of the Stock Exchange in effect from time to time. Subject to the foregoing, any adjustment shall be made on the basis that the grantee shall have the same proportion of the issued share capital of our company for which any grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustments but not greater than that to which he was entitled before such adjustment, but so that no such adjustment shall be made the effect of which would be to enable

any Share to be issued at less than its nominal value, or to increase the proportion of the issued share capital of our company for which any grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustments. The capacity of the auditors or the independent financial advisor (as the case may be) in this paragraph, is that of experts and not of arbitrators and their certification shall be final and conclusive and binding on our company and the grantees. The costs of the auditors or the independent financial advisor shall be borne by our company.

(s) *Expiry of option*

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);
- (iii) subject to paragraph (o), the date of commencement of the winding-up of our company;
- (iv) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his office or employment on any one or more grounds that he has been guilty of serious misconduct, or has been convicted of any criminal offence involving his integrity or (if so determined by the Board or the board of directors of the relevant group company (as the case may be)) honesty or on any other grounds on which an employer would be entitled to summarily terminate his office or employment at common law or pursuant to any applicable laws or under the grantee's service contract with the group;
- (v) the date on which the grantee ceases to be an Eligible Participant on or after becoming bankrupt or insolvent or making any arrangements or composition with his creditors generally; or
- (vi) the date on which the Board shall exercise our company's right to cancel the Option at any time after the grantee commits a breach of paragraph (i) above or the Options are canceled in accordance with paragraph (u) below.

(t) *Alteration of the Share Option Scheme*

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted (save where the alternations take effect automatically under the existing terms of the scheme),

shall first be approved by our Shareholders in general meeting provided that if the proposed alteration shall adversely affect any Option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(u) *Cancellation of Options*

Subject to paragraph (i) above, any cancellation of Options granted but not exercised must be approved by the Board. For the avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to paragraph (m).

(v) *Termination of the Share Option Scheme*

Our company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme and in such event no further Option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) *Administration of the Board*

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(x) *Condition of the Share Option Scheme*

The Share Option Scheme is conditional on:

- (i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in our Shares to be issued pursuant to the exercise of Options to be granted under the Share Option Scheme;
- (ii) the passing of the necessary resolutions to adopt and approve the Share Option Scheme by our Shareholders; and
- (iii) the commencement of dealings in our Shares on the Stock Exchange.

If the conditions above are not satisfied within 30 days from the date on which the Share Option Scheme is conditionally adopted by an ordinary resolution of the Shareholders:

- (i) the Share Option Scheme shall forthwith determine;

- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(y) *Disclosure in annual and interim reports*

Our company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

(z) *Present status of the Share Option Scheme*

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 40,000,000 Shares in total.

G. OTHER INFORMATION

1. Deed of Indemnity

The Controlling Shareholders have entered into a Deed of Indemnity with and in favor of our company (for itself and as trustee for each of the other members of our Group) (being the contract referred to in sub-section C.1 headed “Summary of material contracts” in this appendix) to provide indemnities to our company (for itself and as trustee for each of the other members of our Group) on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received, any property claim and cost, expenses and operating and business losses arising from third-party infringement of intellectual property right to which any member of our Group may be subject and payable on or before the date when dealing in the Shares first commences on the Main Board.

2. Litigation

As of the Latest Practicable Date, neither we nor any of our subsidiaries are/is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on its results of operations or financial condition.

3. Promoter

Our company has no promoter for the purpose of the Listing Rules.

4. Preliminary expenses

Our estimated preliminary expenses are approximately RMB97,879 (equivalent to approximately HK\$131,400) and have been paid by us.

5. Sponsor

The Sole Sponsor made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein and any Shares falling to be issued pursuant to the exercise of the Over-allotment Option and the Shares that may be issued upon the exercise of options that may be granted under the Share Option Scheme of our company. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Sole Sponsor is independent of our company in accordance with Rule 3A.07 of the Listing Rules. Our company agreed to pay the Sole Sponsor a fee of approximately HK\$6.83 million to act as the sole sponsor to our company in relation to the Global Offering.

6. No material adverse change

Our Directors confirm that there has been no material adverse change in our company's financial or trading position or prospects since September 30, 2015 (being the date to which our latest audited combined financial statements were made up).

7. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

8. Miscellaneous

(a) Except as disclosed in this Appendix IV to this prospectus:

- (i) within the two years immediately preceding the date of this prospectus, no share or loan capital of our company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (ii) no share or loan capital of our company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (iii) neither our company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
- (iv) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;

- (v) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in our company;
 - (vi) none of the equity and debt securities of our company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
 - (vii) we have no outstanding convertible debt securities.
- (b) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the twelve (12) months immediately preceding the date of this prospectus.

9. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Quam Capital Limited.....	Licensed corporation under the SFO permitted to conduct type 6 (advising on corporate finance) regulated activity
CCID Consulting Co., Ltd.....	Industry research consultant
Deloitte Touche Tohmatsu.....	Certified public accountants
King & Wood Mallesons.....	PRC legal advisor
Maples and Calder.....	Cayman Islands legal advisor

10. Consents of experts

Each of the Sole Sponsor, CCID Consulting Co., Ltd., Deloitte Touche Tohmatsu, King & Wood Mallesons and Maples and Calder has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our company or any of our subsidiaries.

11. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. Financial advisor

The Sole Global Coordinator has been appointed by our company as the financial advisor to our company in respect of the Global Offering. The appointment of financial advisor was not made pursuant to the requirements of the Listing Rules, and is separate and distinct from the appointment of the Sole Sponsor (which is required to be made by our company pursuant to the Listing Rules). The Sole Sponsor is responsible for fulfilling its duties as sponsor to our company's application for listing on the Stock Exchange, and the Sole Sponsor has not relied on any of the work performed by the financial advisor in fulfilling those duties. The Sole Global Coordinator's role as financial advisor to our company in respect of the Global Offering is different from that of the Sole Sponsor in that it, among other things, focuses on providing general corporate finance advice to our company. The Sole Global Coordinator is a corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contract), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the section headed “G. Other Information — 10. Consents of experts” in Appendix IV to this prospectus; and
- (c) a copy of each of the material contracts referred to in the section headed “C. Further Information about our Business — 1. Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Latham & Watkins at 18th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) our Memorandum and Articles of Association;
- (b) the accountants’ report and the report on the unaudited pro forma financial information prepared by Deloitte Touche Tohmatsu, the texts of which are set out in Appendices I and II to this prospectus;
- (c) audited financial statements of our Group for each of the financial years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015;
- (d) the letter prepared by Maples and Calder, our legal advisor as to Cayman Islands law, summarizing certain aspects of Cayman Companies Law, referred to in Appendix III to this prospectus;
- (e) the Cayman Companies Law;
- (f) the material contracts referred to in the section headed “C. Further Information about our Business — 1. Summary of material contracts” in Appendix IV to this prospectus;
- (g) the written consents referred to in the section headed “G. Other Information — 10. Consents of experts” in Appendix IV to this prospectus;
- (h) the PRC legal opinions issued by King & Wood Mallesons, our legal advisor as to the PRC law, in respect of our general matters and property interests of our Group;
- (i) the rules of our Share Option Scheme;

- (j) the report prepared by CCID Consulting Co., Ltd., our industry research consultant, relating to, among others, information concerning the mobile top-up service industry and related telecommunication industries in China, referred to in the section headed “Industry Overview” in this prospectus; and

- (k) the service contracts and letters of appointments of our Directors referred to in the section headed “D. Further Information about our Directors — 1. Service contracts and letters of appointment of our Directors” in Appendix IV to this prospectus.

年年卡集團有限公司
NNK Group Limited