NNK Group Limited
年年卡集團有限公司

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

Stock Code 股份代號：3773

2016

2016 INTERIM REPORT
中期報告

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. HUANG Junmou *(Chairman)*
Mr. YANG Hua *(Chief Executive Officer)*

Non-executive Directors

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

Independent Non-executive Directors

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

JOINT COMPANY SECRETARIES

Ms. OUYANG Jiejiao
Ms. WONG Wai Ling

AUTHORISED REPRESENTATIVES

Mr. HUANG Junmou
Ms. WONG Wai Ling

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR

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

HONG KONG SHARE REGISTRAR

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

LEGAL ADVISORS

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8 Finance Street
Central
Hong Kong

As to Cayman Islands law:
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53rd Floor, The Center
99 Queen's Road Central
Hong Kong

COMPLIANCE ADVISER

Lego Corporate Finance Limited
Room 1601, 16/F, China Building
29 Queen's Road Central
Hong Kong

AUDITOR

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

PRINCIPAL BANKERS

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

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

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

STOCK CODE

3773

COMPANY'S WEBSITE

www.nnk.com.hk

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the "**Board**") of directors (the "**Directors**") of NNK Group Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2016 (the "**Reporting Period**" or "**Period Under Review**"), together with the comparative figures for the corresponding period in 2015.

BUSINESS REVIEW

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

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

OUTLOOK

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

FINANCIAL REVIEW

Revenue

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

Gross Transaction Value with Mobile Users

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

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

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

Cost of Revenue

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

Gross Profit and Gross Profit Margin

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

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

Other Income and Expenses

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

Distribution and Selling Expenses

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

Administration Expenses

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

Research and Development Expenses

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

Finance Cost

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

Income Tax Expense

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

Profit for the Period attributable to Owners of the Company

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

Liquidity and Financial Resources and Capital Structure

Cash Flow

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

Net Current Assets

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

Cash and Cash Equivalent, Bank Deposit

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

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

Bank Loans and other Borrowings

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

Gearing Ratio

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

Capital Expenditures

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

Significant Investments

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

Commitments

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

Material Investments or Capital Assets

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

Material Acquisitions or Disposals

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

Foreign Exchange Risk

The Group's reporting currency is in Renminbi to which the Group's material transactions are denominated. The net proceed from global offering are denominated in Hong Kong Dollars, which exposed the Group to market risk arising from changes in foreign exchange rate. The Group currently does not have a foreign currency hedging policy, however, the management of the Group will monitor foreign exchange exposure closely and consider the usage of hedging instruments when the need arises.

Charges on Assets

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

Contingent Liabilities and Guarantees

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

INTERIM DIVIDENDS

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

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2016, the Group had 144 full-time employees. Total staff cost (including Director's remuneration) was approximately RMB12.5 million for the six months ended 30 June 2016, as compared to approximately RMB12.8 million for the six months ended 30 June 2015. The Group believes that employees are one of its most important assets and the Group strives to offer a competitive remuneration to its employees. The Group has been recruiting and promoting individuals based on merit and their development potentials. Remuneration package offered to all employees including Directors is determined with reference to their performance, qualifications, experience and the prevailing salary levels in the market. The Group has been providing training opportunities for its employees in order to increase their qualifications and skills.

EVENTS AFTER THE REPORTING PERIOD

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2016, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) as recorded in the register required to be kept under section 352 of SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the ordinary shares of the Company (the "Shares")

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

Notes:

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

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

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

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

(5) The percentage of shareholding was calculated based on the Company's total issued share capital of 415,000,000 Shares as at 30 June 2016.

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2016, to the best knowledge of the Directors, the interests or short positions of the persons, other than the Directors or chief executives of the Company, in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the ordinary Shares

Substantial shareholders	Capacity/Nature of interests	Number of Shares or securities held	Approximate percentage of issued share capital[6]
Fun Charge Technology[1]	Beneficial owner	94,500,000	22.77%
Happy Charge Technology[2]	Beneficial owner	63,000,000	15.18%
Cool Charge Technology[3]	Beneficial owner	56,100,000	13.52%
Mr. Huang Shaowu[4]	Interest in controlled corporation	60,000,000	14.46%
China Charge Technology Limited[4]	Beneficial owner	60,000,000	14.46%
Enjoy Charge Technology[5]	Beneficial owner	26,400,000	6.36%

Notes:

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

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

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

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

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

(6) The percentage of shareholding was calculated based on the Company's total issued share capital of 415,000,000 Shares as at 30 June 2016.

Save as disclosed herein, as at 30 June 2016, the Directors were not aware of any person (other than the Directors and chief executive of the Company) who had an interest and short position in Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2016 and up to the date of this interim report, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in any business which were in competition or were likely to compete, either directly or indirectly with the Group's business which needs to be disclosed pursuant to Rule 8.10 of the Listing Rules.

SHARE OPTION SCHEME

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

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

Subject to the terms and conditions of the Scheme, the maximum number of Shares in respect of which Options may be granted under the Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares issued on 7 January 2016, being 40,000,000 Shares, representing approximately 9.64% of the Company's issued share capital as at the date of this interim report, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Scheme (or any other share option schemes of the Company).

Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years from the date of its adoption. Since the adoption of the Scheme and up to the date of this interim report, no option had been granted, exercised, lapsed nor cancelled under the Scheme.

For details of the Scheme, please refer to the section headed "Statutory and General Information – F. Share Option Scheme" in Appendix IV to the Company's prospectus dated 24 December 2015 (the "**Prospectus**").

As at 30 June 2016, no option has been granted under the Scheme.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process and select external auditors and assess their independence and qualifications. The Audit Committee consists of three independent non-executive Directors, being Ms. Zhao Jinlin, Mr. Qian Haomin and Mr. Lin Zhangxi. Ms. Zhao Jinlin has been appointed as the chairlady of the Audit Committee.

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

USE OF PROCEEDS FROM GLOBAL OFFERING

The Company's Shares were listed on the Main Board of the Stock Exchange on 7 January 2016 and the Company raised net proceeds (after the exercise of the over-allotment option and after deducting the underwriting fees, commissions and other expenses payable by the Company in connection with the global offering) of approximately HK$52.0 million. As at 30 June 2016, approximately HK$4.5 million of the net proceed from the listing was utilised for general operation expense. Such utilisation of the net proceeds was in accordance with the proposed allocations as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Save for the above, the net proceeds remained unused and the unutilised portion of the net proceeds were deposited in reputable banks in Hong Kong and is intended to be utilised in the manner consistent with the proposed allocation as set forth in the Prospectus.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.
德勤

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of NNK Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 16 to 32, which comprise the condensed consolidated statement of financial position as of 30 June 2016, and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2015 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

23 August 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at 30 June 2016 (Unaudited) RMB'000	As at 31 December 2015 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	10	8,075	11,732
Rental deposits		306	337
Deferred tax assets	11	5,568	5,568
		13,949	17,637
Current assets			
Inventories		168,319	265,625
Trade receivables	12	56,824	38,138
Prepayments, deposits and other receivables		38,659	117,638
Amounts due from related companies		53,345	86,793
Restricted bank deposits		–	27,000
Cash and cash equivalents		125,284	49,968
		442,431	585,162
Current liabilities			
Trade payables	13	43,678	55,055
Other payables		33,951	64,918
Tax payables		68	1,518
Bank borrowings	14	148,750	344,815
		226,447	466,306
Net current assets		215,984	118,856
Total assets less current liabilities		229,933	136,493
Non-current liabilities			
Government grants		1,645	2,419
Deferred tax liabilities	11	9,280	9,280
		10,925	11,699
Net assets		219,008	124,794
Capital and reserves			
Share capital	15	27,221	308
Reserves		191,787	124,486
Total equity		219,008	124,794

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the Company					
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2015	20,988	–	25,830	10,340	40,833	97,991
Profit and total comprehensive income for the period (unaudited)	–	–	–	–	18,132	18,132
Arising from reorganisation (unaudited)	(20,680)	–	20,680	–	–	–
At 30 June 2015 (unaudited)	308	–	46,510	10,340	58,965	116,123
At 1 January 2016	308	–	46,510	10,340	67,636	124,794
Profit and total comprehensive income for the period (unaudited)	–	–	–	–	19,304	19,304
Issue of new shares by the Company upon Capitalisation Issue (note 15) (unaudited)	19,365	(19,365)	–	–	–	–
Issue of new shares by the Company upon global offering (unaudited)	6,565	77,462	–	–	–	84,027
Issue of new shares by the Company upon exercise of over-allotment option (unaudited)	983	12,451	–	–	–	13,434
Share issue expenses (unaudited)	–	(22,551)	–	–	–	(22,551)
At 30 June 2016 (unaudited)	27,221	47,997	46,510	10,340	86,940	219,008

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June 2016 (Unaudited) RMB'000	For the six months ended 30 June 2015 (Unaudited) RMB'000
OPERATING ACTIVITIES		
Profit before tax	19,748	22,020
Adjustments for:		
Depreciation of property, plant and equipment	3,732	3,629
Finance costs	5,927	6,216
Government grants related to assets	(774)	(782)
Interest income	(582)	(218)
Unrealised net exchange gains	(543)	—
Operating cash flows before movements in working capital	27,508	30,865
Decrease (increase) in rental deposits	31	(35)
Decrease (increase) in inventories	97,306	(13,354)
Increase in trade receivables	(18,686)	(133,705)
Decrease in prepayments, deposits and other receivables	78,979	47,163
(Decrease) increase in trade payables	(11,377)	8,960
Decrease in other payables	(30,967)	(286)
Cash generated from (used in) operations	142,794	(60,392)
Income tax paid	(1,894)	(2,706)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	140,900	(63,098)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(576)	(3,966)
Repayments from third parties	—	10,500
Interest received	582	218
Proceeds from disposal of property, plant and equipment	501	36
Advance to related companies	—	(41,727)
Repayments from related companies	33,448	103,785
Placement of structured products	(1,335,300)	(1,547,159)
Withdrawal of structured products	1,335,300	1,547,159
Placement of restricted bank deposit	—	(15,000)
Withdrawal of restricted bank deposit	27,000	—
Repayments from Shareholders	—	10,045
NET CASH FROM INVESTING ACTIVITIES	60,955	63,891

	For the six months ended 30 June 2016 (Unaudited) RMB'000	For the six months ended 30 June 2015 (Unaudited) RMB'000
FINANCING ACTIVITIES		
Dividend paid	–	(30,000)
Interest paid	(5,927)	(6,216)
Repayments of bank borrowings	(578,261)	(304,103)
Proceeds from bank borrowings	382,196	479,220
Proceeds from shares issued by the Company	97,461	–
Share issue expenses	(22,551)	–
Repayments to related companies	–	(99,452)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(127,082)	39,449
Net increase in cash and cash equivalents	74,773	40,242
Cash and cash equivalents at the beginning of the period	49,968	21,269
Effect of foreign exchange rate changes	543	–
Cash and cash equivalents at the end of the period	125,284	61,511

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 18 June 2014 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 7 January 2016. Its ultimate controlling shareholders are Huang Junmou, Yang Hua, Li Xiangcheng, Xu Xinhua and Huang Shaowu (collectively referred to as the "Shareholders"). The Company's registered office is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is 6/F, 3 Building A Arta, Internet Industry Base, Xixiang, Baoyuan Road, Bao'an District, Shenzhen, the Peoples Republic of China (the "PRC"). The Company is an investment holding company. The principal activity of the Group is engaged in providing mobile top-up service to mobile subscribers in the PRC.

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

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

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

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

- exercise effective financial and operational control over Shenzhen NNK;
- exercise equity holders' voting rights of Shenzhen NNK;
- receive substantially all economic returns generated by Shenzhen NNK in consideration for the business support, technical and consulting services provided by the Group;
- obtain an irrevocable and exclusive right to purchase the entire equity interest in Shenzhen NNK from the Shareholders; and
- obtain a pledge over the entire equity interest of Shenzhen NNK from the Shareholders as collateral security for all of Shenzhen NNK due to the Group and to secure performance of Shareholders' obligations under the Structured Contracts.

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

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

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period ended 30 June 2015 have been prepared as if the group structure under the Corporate Reorganisation had been in existence throughout the period ended 30 June 2015 or since their respective dates of incorporation or establishment, whichever is the shorter period.

3. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

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

4. REVENUE AND SEGMENT INFORMATION

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

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

Geographical information

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

Information about major customers

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

5. FINANCE COSTS

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

6. PROFIT BEFORE TAX

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

7. INCOME TAX EXPENSE

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

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

Hong Kong

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

PRC

Pursuant to the Enterprise Income Tax Law and Implementation Regulations of the Law of the PRC (the "PRC EIT Law") which became effective on 1 January 2008, the statutory tax rate of PRC subsidiaries is 25% during the two periods.

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

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

8. DIVIDENDS

No dividends were paid, declared or proposed during the interim Period and a dividend amounted to RMB 30,000,000 in respect of the year ended 31 December 2014 was paid to the owners of the Company on 11 March 2015.

9. EARNINGS PER SHARE

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

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

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

The basic earnings per share is calculated based on 300,000,000 ordinary shares for the period ended 30 June 2015 on the assumption that the Corporate Reorganisation and the Capitalisation Issue (as defined in note 15) had been effective on 1 January 2015 and the sub-division of shares on 17 April 2015 as described in note 15 has been adjusted retrospectively.

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

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

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

11. DEFERRED TAXATION

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

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Deferred tax assets	(5,568)	(5,568)
Deferred tax liabilities	9,280	9,280
	3,712	3,712

The followings are the major deferred tax liabilities (assets) recognised and movements thereon during the current and preceding periods:

	Deductible management fee expenses of Shenzhen NNK RMB'000	Taxable management fee income of Daily Charge SZ RMB'000	Total RMB'000
At 1 January 2015 and 30 June 2015 (unaudited)	—	—	—
(Credit) charge to profit or loss	(5,568)	9,280	3,712
At 31 December 2015 and 30 June 2016 (unaudited)	(5,568)	9,280	3,712

Pursuant to Structured Contracts under the VIE arrangement, Shenzhen NNK will pay the management fee to Daily Charge SZ. In 2015, the tax rate of Daily Charge SZ was 25% while the tax rate of Shenzhen NNK was 15%, the payment of management fee will raise the additional tax burden to the Group as a whole. In this regard, the Group has recognised the related tax impacts in deferred tax assets and liabilities.

Under the PRC EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at the end of the current interim period, the aggregate amount of taxable temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised amounted to RMB148,858,000 (unaudited) (31 December 2015: RMB124,794,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such differences will not be reversed in the foreseeable future.

12. TRADE RECEIVABLES

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

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

13. TRADE PAYABLES

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

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

14. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to RMB382,196,000 (unaudited) (31 December 2015: RMB1,237,012,000). The bank borrowings carry interest at variable market rates of 1.41% to 6.44% (31 December 2015: 1.64% to 7.00%) per annum and are repayable in one year.

15. SHARE CAPITAL

The share capital at 30 June 2016 and 31 December 2015 represented the share capital of the Company.

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

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

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

Pursuant to written resolutions of the Company's shareholders passed on 14 December 2015, conditional upon the crediting of the share premium account of the Company as a result of the issue of shares pursuant to the global offering set out in the section headed "Share Capital" in the Prospectus, the directors of the Company had authorised to allot and issue a total of 295,000,000 shares, by way of capitalisation of the sum of approximately US$2,950,000 (equivalent to approximately RMB19,365,000) (unaudited) standing to the credit of the share premium account of the Company, credited as fully paid at par to the shareholders as appearing on the register of members of the Company ("Capitalisation Issue"). The Capitalisation Issue was completed on 7 January 2016.

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

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

15. SHARE CAPITAL (continued)

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

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

16. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Within one year	411	1,001
In the second to fifth years inclusive	140	279
	551	1,280

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.

17. RELATED PARTY TRANSACTIONS

(a) Significant related party transaction

The related company was under the common control of certain directors of the Company and the Shareholders.

The Group entered into the following significant transaction with the related party during the period:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Service fee paid to Shenzhen Shenzhou Tongfu Technology Co., Ltd. ("Shenzhou Tongfu")	**100**	177

(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 period were as follows:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Salaries and other short term benefits	**1,914**	1,918
Retirement benefit schemes contributions	**119**	99
	2,033	2,017

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

(c) Guarantee

As at 30 June 2016, the Group's bank borrowings facilities were guaranteed by Shenzhen Sinomaster Investment Group Co. Ltd. ("Shenzhen Sinomaster"), Shenzhen Quanqiuxing Investment Management Company Limited, Huang Junmou, Yang Hua, and Li Xiangcheng who were Shareholders of the Company, to the extent of RMB415,000,000 (unaudited), of which RMB148,750,000 (unaudited) was utilised. And as at 31 December 2015, the Group's bank borrowings facilities were guaranteed by Shenzhou Tongfu, Shenzhen Sinomaster, Shenzhen Quanqiuxing Investment Management Company Limited, Huang Junmou, Yang Hua, Li Xiangcheng and Huang Shaowu, to the extent of RMB395,000,000, of which RMB325,000,000 was utilised.

18. SHARE OPTION SCHEME

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

The principal terms of which are summarised in the section headed "Statutory and General Information F. Share Option Scheme" in Appendix IV to the Prospectus. As at 30 June 2016 and 31 December 2015, no share option had been granted.

年年卡集团
NNK Group Limited