



Jian ePayment



Jian ePayment Systems Limited
華普智通系統有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8165

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate.

Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid reports in gazette newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-Listed issuers

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon, the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Jian ePayment Systems Limited (the “Company”) collectively and individually accept full responsibility includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover for the six months ended 30 June 2007 was approximately RMB6,343,000
- Loss attributable to equity holders amounted to approximately RMB3,021,000 for the six months ended 30 June 2007
- Loss per share amounted to RMB0.008 for the six months ended 30 June 2007

RESULTS

The Board of Directors (the "Board") of Jian ePayment Systems Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007 and the comparative figures for the corresponding period in 2006.

	Notes	For the six months ended 30 June		For the three months ended 30 June	
		2007 RMB'000 (unaudited)	2006 RMB'000 (unaudited)	2007 RMB'000 (unaudited)	2006 RMB'000 (unaudited)
Turnover	3	6,343	6,043	2,825	5,591
Cost of sales		(2,134)	(2,106)	(670)	(2,078)
Gross profit		4,209	3,937	2,155	3,513
Other revenue	4	2,371	1,902	1,689	1,424
Distribution costs		(549)	(128)	(377)	(12)
Administration expenses		(8,621)	(4,613)	(3,690)	(1,794)
(Loss)/profit from operations		(2,590)	1,098	(223)	3,131
Finance costs		(1,031)	(238)	(486)	(160)
(Loss)/profit before tax	5	(3,621)	860	(709)	2,971
Income tax expenses	6	-	(147)	-	(147)
(Loss)/profit for the period		(3,621)	713	(709)	2,824
Attributable to:					
Equity holders of the Company		(3,021)	713	(493)	2,824
Minority interests		(600)	-	(216)	-
		(3,621)	713	(709)	2,824
		RMB'000	RMB'000	RMB'000	RMB'000
(Loss)/earnings per share					
Basic	7	(0.008)	0.002	(0.001)	0.007
Diluted	7	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	As at 30 June 2007 RMB'000 (Unaudited)	As at 31 December 2006 RMB'000 (Audited)
Non-current assets			
Fixed assets	10	<u>12,737</u>	<u>10,832</u>
Current assets			
Inventories		2,910	2,390
Trade and other receivables	11	17,767	22,260
Due from a related company		20	20
Bank and cash balances		39,357	41,803
		<u>60,054</u>	<u>66,473</u>
Current liabilities			
Trade and other payables	12	67,168	67,390
Due to a director		29,768	30,438
Due to a related company		9	10
Other loan		2,519	2,519
		<u>99,464</u>	<u>100,357</u>
Net current liabilities		<u>(39,410)</u>	<u>(33,884)</u>
Net liabilities		<u>(26,673)</u>	<u>(23,052)</u>
Capital and reserves			
Share capital		21,208	21,208
Reserves	13	(53,920)	(50,899)
Equity attributable to equity holders of the Company		<u>(32,712)</u>	<u>(29,691)</u>
Minority Interests		<u>6,039</u>	<u>6,639</u>
Total Equity		<u>(26,673)</u>	<u>(23,052)</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2007*

	2007 RMB'000 (Unaudited)	2006 RMB'000 (Unaudited)
Net cash generated from/(used in) operating activities	1,253	(3,217)
Net cash (used in) investing activities	(3,699)	(70)
Net decrease in cash and cash equivalents	(2,446)	(3,287)
Cash and cash equivalents, at 1 January	41,803	5,305
Cash and cash equivalents at 30 June	<u>39,357</u>	<u>2,018</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2007*

	2007 RMB'000 (Unaudited)	2006 RMB'000 (Unaudited)
Total equity as at 1 January	(23,052)	(8,214)
(Loss)/Profit attributable to equity holders	<u>(3,021)</u>	<u>713</u>
Total equity as at 30 June	<u>(26,073)</u>	<u>(7,501)</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED ACCOUNTS

1. GROUP'S OPERATION AND BASIS OF CONSOLIDATION

The Company was incorporated in the Cayman Islands on 30 November 2000 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its shares have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 10 December 2001.

The Company is an investment holding company. The Group is principally engaged in the development and operation of a back end electronic receipt/payment and data recording and processing software system ("Jian ePayment System" or the "System") and manufacturing and distribution of the associated commercial applications.

The consolidated financial statements of the Group include the accounts of the Company and the enterprises that it controls. This control is normally evidenced when the Group has the power to govern the financial and operating policies of an enterprise so as to benefit from its activities. The results of subsidiaries acquired or disposed of during the period are consolidated from or to their effective dates of acquisition or disposal. The equity and net income attributable to minority shareholders' interests are shown separately in the Group's balance sheet and income statement, respectively.

Significant intra-group transactions and balances have been eliminated on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited financial statements have been prepared in accordance with Accounting Standards 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and on a basis consistent with the accounting policies adopted by the Group in preparation of its financial statements for the year ended 31 December 2006.

The financial statements are prepared on historical cost convention and in accordance with the Hong Kong Financial Reporting Standards issued by the HKICPA and generally accepted accounting principles in Hong Kong ("HK GAAP"), the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

3. TURNOVER

Turnover represents gross invoiced sales (excluding value-added tax), net of discounts and returns.

Turnover consisted of:

	Six months ended 30 June		Three months ended 30 June	
	2007 RMB'000 (Unaudited)	2006 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)	2006 RMB'000 (Unaudited)
Sales of hardware and software	1,125	5,122	113	5,116
Transaction levies	3,964	921	2,053	475
Rental income from smart card issued	967	-	476	-
Advertising income	287	-	183	-
	6,343	6,043	2,825	5,591

4. OTHER REVENUE

Other revenue includes profit on sales of jian e-payment smart cards, write-off of trade payables, service income, interest income and other revenues.

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation was arrived at after crediting and charging the following:

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Crediting:		
Interest income on bank deposits	<u>45</u>	<u>3</u>
Charging:		
Cost of inventory	616	2,060
Interest expense on other loan	110	238
Depreciation of fixed assets	<u>1,995</u>	<u>655</u>

6. INCOME TAX EXPENSE

The companies comprising the Group are subject to income taxes on an entity basis on income arising in or derived from the tax jurisdictions in which they operate.

No provision for profits tax in the Cayman Islands, the British Virgin Islands or Hong Kong has been provided for as the Group has no assessable profit arising in or derived from those jurisdictions for the six months ended 30 June 2007 (2006: Nil).

There was no significant unprovided deferred taxation for the six months ended 30 June 2007 (2006: Nil).

7. (LOSS)/EARNING PER SHARE

The calculation of basic profits per share for the six months ended 30 June 2007 is based on the loss attributable to equity holders of approximately RMB3,021,000 (for the six months ended 30 June 2006: profit attributable to equity holders RMB713,000) and on 400,000,000 shares (2006: 400,000,000) ordinary shares in issue during the period.

No diluted earnings per share for the six months ended 30 June 2006 and 2007 is presented because the exercise price of the Company's options was higher than the average market price of the Company's shares during the period.

8. DIVIDEND

The directors do not recommend the payment of any dividend for the six months ended 30 June 2007 (2006: Nil).

9. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties, which the Board considered were conducted in the normal course of business:

	Six months ended 30 June 2007 RMB'000 (Unaudited)	2006 RMB'000 (Unaudited)
Sales of hardware and software, transaction levies and sales of Jian Smart Card		
Weihai Tian Chuang Electronic System Co., Ltd.	-	16
Shanghai Bai Yu Lan Intelligent Transportation System Management Co. Ltd.	462	2,382
Beijing. Huapu. Roadside. Parking. Facilities. Construction. and Management. Co., Ltd.	57	51
	519	2,449

10. FIXED ASSETS

	Leasehold improvements	Machineries	Office equipments	Motor vehicles	Computer equipments	Smart cards	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Cost							
As at 1 January 2006	92	26,275	664	-	-	-	27,031
Additions	392	1,266	360	354	196	542	3,110
Disposal/written off	-	-	(22)	-	-	(64)	(86)
Acquired on acquisition of a subsidiary company	-	5,785	101	490	656	3,628	10,660
As at 31 December 2006	484	33,326	1,103	844	852	4,106	40,715
As at 1 January 2007	484	33,326	1,103	844	852	4,106	40,715
Additions	75	3,016	599	134	-	76	3,900
As at 30 June 2007	559	36,342	1,702	978	852	4,182	44,615
Accumulated depreciation and impairment							
As at 1 January 2006	92	23,872	385	-	-	-	24,349
Charge for the year	19	3,238	109	70	118	859	4,413
Disposal/written off	-	-	(16)	-	-	(64)	(80)
Impairment Loss	-	1,201	478	70	-	-	1,201
As at 31 December 2006	111	28,311	478	70	118	795	29,883
As at 1 January 2007	111	28,311	478	70	118	795	29,883
Charge for the period	45	1,747	94	109	-	-	1,995
As at 30 June 2007	156	30,058	572	179	118	795	31,878
Net book value							
As at 30 June 2007	403	6,284	1,130	799	734	3,387	12,737
As at 31 December 2006	373	5,015	625	774	734	3,311	10,832

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2007 RMB'000 (Unaudited)	As at 31 December 2006 RMB'000 (Audited)
Trade receivables	15,542	1,513
Trade deposits	-	14,391
Prepayment and other deposits	1,418	1,785
Other receivables	807	4,571
	<u>17,767</u>	<u>22,260</u>

a) The ageing analysis of accounts receivables was as follows:

	As at 30 June 2007 RMB'000 (Unaudited)	As at 31 December 2006 RMB'000 (Audited)
0-30 days	412	466
31-90 days	54	309
91-180 days	40	149
181-365 days	-	149
Over 365 days	17,841	3,276
	<u>18,347</u>	4,349
Allowance for impairment losses	<u>(2,805)</u>	<u>(2,836)</u>
	<u>15,542</u>	<u>1,513</u>

b) Prepayments and other deposits

	As at 30 June 2007 RMB'000 (Unaudited)	As at 31 December 2006 RMB'000 (Audited)
Prepayments of enterprise income tax ("EIT")	1,418	1,418
Prepayments to suppliers	-	32
Others	-	335
	<u>1,418</u>	<u>1,785</u>

c) Other receivables

	As at 30 June 2007 RMB'000 (Unaudited)	As at 31 December 2006 RMB'000 (Audited)
Advances to staff	202	81
VAT receivable	-	241
Others	605	4,249
	807	4,571

12. Trade and other payables

	As at 30 June 2007 RMB'000 (Unaudited)	As at 31 December 2006 RMB'000 (Audited)
Trade payables	4,610	1,770
Other payables	62,558	61,028
	67,168	62,798

a) The ageing analysis of trade payables was as follows:

	As at 30 June 2007 RMB'000 (Unaudited)	As at 31 December 2006 RMB'000 (Audited)
0-30 days	-	300
31-60 days	2,092	-
61-120 days	1,180	-
181-365 days	-	13
over 365 days	1,338	1,457
	4,610	1,770

b) Other Payables

	As at 30 June 2007 RMB'000 (Unaudited)	As at 31 December 2006 RMB'000 (Audited)
Business tax payables	16	92
Interest payables	1,941	559
Provision for staff and workers' bonus and welfare fund	-	817
Accruals for operating expenses	6,187	7,713
Salary and welfare payable	292	478
Deposits received from the holders of smart card	45,381	42,626
Others	8,741	8,743
	<u>62,558</u>	<u>61,028</u>

13. RESERVES

	Share premium RMB'000	Capital reserves RMB'000	General reserve fund RMB'000	Enterprise expansion fund RMB'000	Accumulated losses RMB'000	Total RMB'000	Minority Interest RMB'000	Total equity RMB'000
As at 1 January 2006	1,476	6,304	2,870	1,435	(41,507)	(29,422)	-	(29,422)
Profit attributed to equity holders	-	-	-	-	713	713	-	713
As at 30 June 2006	<u>1,476</u>	<u>6,304</u>	<u>2,870</u>	<u>1,435</u>	<u>(40,794)</u>	<u>(28,709)</u>	<u>-</u>	<u>(28,709)</u>
As at 1 January 2007	1,476	6,304	2,870	1,435	(62,984)	(50,899)	6,639	(44,260)
Loss attributed to equity holders	-	-	-	-	(3,021)	(3,021)	(600)	(3,621)
As at 30 June 2007	<u>1,476</u>	<u>6,304</u>	<u>2,870</u>	<u>1,435</u>	<u>(66,005)</u>	<u>(53,920)</u>	<u>6,039</u>	<u>(47,881)</u>

14. Segment Reporting

a) Business Segment

The core business of the Group is, research and develop the Jian ePayment system and sales of related devices and software, transaction levies, rental income from smart cards issued and the advertising income.

b) Secondary reporting format - geographical segments

The Group's businesses operate in four main geographical areas:

Southern China
Northern China
Central China
Eastern China

There are minimal sales between the geographical segments.

	Revenue		Total Assets		Capital expenditure	
	2007	2006	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Southern China	1,429	3,175	155	115	1	-
Northern China	7	17	1,701	5,075	-	-
Central China	4,446	476	70,935	9,341	3,899	70
Eastern China	462	2,375	-	-	-	-
	6,344	6,043	72,791	14,531	3,900	70

FINANCIAL REVIEW

The group's turnover for the six months ended 30 June 2007 amounted to approximately RMB 6,343,000 (RMB6,043,000 in 2006) which represented an increase of approximately 5% as compared to that of the corresponding period in 2006. Sale of hardware and software amounted to RMB1,125,000 (RMB5,122,000 in 2006) which represented a decrease of approximate 78% as compared to that of corresponding period in 2006; Transaction levies amounted to approximately RMB3,964,000 (RMB921,000 in 2006) which has significantly increased when compared with that of last year. Besides, the acquisition of Wuhan Traffic IC Card Management Limited, also brought new sources of income to the company including the rental income smart card issued and the advertising income.

The group's gross profit for the six months ended 30 June 2007 was RMB4,209,000 (RMB3,937,000 in 2006), which represented an increase of approximate 7%.

The group's net loss attributable to equity holders for the six months ended 30 June 2007 was approximately RMB3,021,000 (net profit RMB713,000,000 in 2006) ,which represented a decrease in profit of RMB3,734,000. It was mainly due to the interest expense payable to a substantial shareholder, interest expense of other loan, the professional fee incurred during the process of the Company's resumption and the shareholding restructuring, and the additional expenses incurred in the early stage after the acquisition of Wuhna Traffic IC cards Management Limited.

BUSINESS DEVELOPMENT

The Group has been committed to developing the Jian e-payment smart card system into a large-scale electronic payment system accepted and used throughout China. In 2007, the company strengthen the technology research and development, sale of hardware and software, marketing and operation function and will continue to focus on the promotion of "one card multiple uses" system in different prime cities of China.

The Wuhan Traffic IC Cards Management Limited not only puts great effects on increasing the card swipe rate and transaction levies, but also continue to promote the "one card Multiple uses" in many sectors, such as retail business, supermarket, taxi and campus. For retail business, more than 300 shops had joined to the applications of IC card; the "One card passing Different Cities" company has been set up Traffic IC Card Management Limited in Daye City and Xian Tau City. In March 2007, the Wuhan Commodity Prices bureau consented to ratification the Traffic IC card deposit rises from RMB8 to RMB20, whose cards have been issued from Wuhan Traffic IC card Management Limited. After a period of operation, the general public are generally expressed their satisfaction with the understanding.

In research and development of Meters, The Group with MISCO of South Korea continue the in-depth cooperation on the basis of the joint development agreement. The new IC cards application equipment and systems development work continue to proceed smoothly. This will further enhance the Group's overall competitiveness of the market.

The Group continues to promote Jian ePayment roadside parking system and other commercial fee collection systems among governments and merchant customers in various cities of China. Marketing activities has been being conducted in a number of cities.

OUTLOOK

The Group has been consistently committed to the development of smart card electronic payment system market in China based on continually increasing of sales and improvement of business profitability, increasing steadily the number of cities using Jian Smart Passes. In the meantime, the application domain of each city continuously expands, a comprehensive development matrix is formed through increasing the number of cities vertically while expanding the commercial applications horizontally so as to achieve a great increase in the number of users and consumption and ultimately create good economic results and social effect for the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group currently has cash and cash equivalents of RMB39,357,000 while the current ratio has changed from 0.66 times for 2006 to 0.60 times for the period ended 2007 and the gearing ratio, defined as the ratio of total debt to total assets, has changed from 1.30 for 2006 to 1.37 for the period ended 2007.

Significant investments

Save for the company's investment in its subsidiaries, the group did not have any significant investment ended 30 June 2007.

Employee information

As at 30 June 2007, the company employed 58 employees (2006: 65). They were employed in accordance with their expertise and market condition. All employees were provided with social insurance and provident fund. Staff cost was approximately RMB2,981,302 for the six months ended 30 June 2007 as compared with that of approximately RMB2,402,000 for the corresponding period of 2006.

CONTINGENT LIABILITIES

As at 30 June 2007, the group had no significant contingent liabilities.

Charge of assets

As at 30 June 2007, the group did not have any charge on its assets.

Exchange rate exposure risk

All the group's assets, liabilities and transactions are denominated either in Hong Kong dollar, US dollar or RMB. As the exchange rates among Hong Kong dollar, US dollar and RMB were relatively stable during the period, the group was not exposed to material foreign exchange risk

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2007, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

DISCLOSURE OF DIRECTORS' INTERESTS

As at 30 June 2007, the interest of the Directors and the chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

Aggregate long positions in shares and underlying shares

These are the underlying shares of the Company in respect of which an option was granted to Mr. Chin Ying Hoi, 2,000,000 Underlying shares representing 0.5% of the shares then in issue was lapsed in the period. (The percentage was calculated on the basis of 400,000,000 shares in issue as at 30 June 2007.)

SHARE OPTION SCHEME

Pursuant to the share option scheme of the Company adopted on 19 November 2001 (the "Share Option Scheme"), the Company may grant options to the participants of the Share Option Scheme to subscribe for shares of the Company. The participants include any employees of the Group (including Directors) and certain consultants, suppliers or customers of the Group who, in the sole discretion of the Board, have contributed to the Group. The overall limit on the number of shares which may be issued upon exercise of all options to be granted and yet to be exercised under the Share Option Scheme and other share option schemes must not, in aggregate, exceed 30% of the issued shares capital of the Company from time to time. Any options granted under the Share Option Scheme may be exercised at any time during a period which shall not be more than ten years after the date on which the option is granted. The subscription price will be determined by the Board and will not be less than the highest of (i) the closing price of the shares quoted on the GEM on the date of grant, (ii) the average closing price of the shares quoted on the GEM for the five business days immediately preceding the date of grant and (iii) the nominal value of the shares on the date of grant.

Details of the share options outstanding as at 30 June 2007 which have been granted under the scheme are as follows:

	Options held at 1 January 2006	Options granted during period	Options exercised during period	Options lapsed 30 June during period	Options held at 2007 (Note)	Exercise Price	Grant Date	Exercisable from	Exercise untill	Closing price of the Company's share Exercisable before date of grant
Directors	300,000	-	-	300,000	3,000,000	HK\$2.35	31 May 2002	31 May 2002	31 May 2007	HK\$2.35
Employees	9,500,000	-	-	9,500,000	10,500,000	HK\$2.35	31 May 2002	31 May 2002	31 May 2007	HK\$2.35
Other persons	13,200,000	-	-	13,200,000	13,200,000	HK\$2.35	31 May 2002	31 May 2002	31 May 2007	HK\$2.35
Other persons	<u>3,000,000</u>	-	-	-	<u>3,000,000</u>	HK\$2.03	16 Aug. 2002	16 Aug. 2002	15 Aug. 2007	HK\$2.03
	<u>28,700,000</u>				<u>3,000,000</u>					

Note: The person who involved in the original share option scheme, except for the 3,000,000 shares holding by Oriental Patron Asia Limited will be expired in 15 August, 2007, all the share option of other involvers were lapsed in the period.

None of the above options were exercised or cancelled during the period six months ended 30 June 2007.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2007, the following substantial shareholder and person (other than a director or chief executive of the Company) who have interests or short positions in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Aggregate long positions in shares

Name of shareholder	Name of shares held	Percentage of shareholding
Union Perfect International Limited	286,800,000	71.7%

Aggregate short position in underlying shares

Unlisted physically settled equity derivatives

Name of shareholder	Name of company	Number of shares in short position
Union Perfect International Limited	The Company	3,000,000 shares representing 0.75% of shares then issued (<i>Note</i>)

Note: These shares in short position were represented by 35,000,000 options granted by the Company, with details shown in the section of "Share option scheme" above. About 4,000,000 shares which were convertible at an initial conversion price of HK\$2.50 per share under HK\$10,000,000 convertible note issued by the Company, after the loan capitalisation Agreement and its supplementary Agreement signed by company and Chief Finance Limited (CF) in 7 March, 2007 and 6 June, 2007 respectively, both these two Agreements have executed in 26 July, 2007. As a result the above 4,000,000 shares were lapsed.

Save as disclosed herein, no other person (other than a director or chief executive of the Company) and substantial shareholder has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' AND MANAGEMENT SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

None of the Directors or management shareholders (as defined in the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules")) of the Company has any interest in any business which competes with or may compete with the business of the Group or has any other conflicts of interests with the Group

OTHER INTERESTS DISCLOSEABLE UNDER THE SFO

Save as disclosed in the sections "Interests and short positions of Directors and chief executive in the shares and underlying shares" and "Interests and short positions of substantial shareholders discloseable under the SFO" above, so far as is known to the Director, there is no other person who has an interest or short position in the shares and underlying shares that is discloseable under the SFO.

BOARD PRACTICES AND PROCEDURES

For the six months ended 30 June 2007, the Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures.

AUDIT COMMITTEE

An Audit Committee was established with written terms of reference in compliance with the requirements as set out in Rules 5.28 to 5.30 of the GEM Listing Rules. The primary duties of the audit committee are to review and provide supervision over the financial reporting process and internal control system of the Group. The audit committee comprises three independent non-executive directors, Mr Qu Xiao Guo, Mr Zhang Xiao Jing and Ms Tung Fong. The Group's unaudited consolidated results for the six months ended 30 June 2007 have been reviewed by the audit committee.

By Order of the Board
Jian ePayment Systems Limited
Chin Ying Hoi
Chairman

Wuhan, the PRC, 13 August 2007

As at the date hereof, the Board comprises three executive directors, being Chin Ying Hoi, Yang Guo Wei and Li Sui Yang and three independent non-executives directors, being Qu Xiao Guo, Zhang Xiao Jing and Tung Fong