



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

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份編號 : 8165



THIRD QUARTERLY REPORT 2009
第三季度業績報告

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

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This report, for which the directors (the “Directors”) of Jian ePayment Systems Limited (the “Company”) collectively and individually accept 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 nine months ended 30 September 2009 was approximately RMB14.9 million
- Loss attributable to equity holders amounted to approximately RMB5.9 million for the nine months ended 30 September 2009
- Loss per share amounted to RMB0.006 for the nine months ended 30 September 2009

RESULTS

The Board of Directors (the “Board”) of Jian ePayment Systems Limited (the “Company”), together with its subsidiaries (the “Group”), is pleased to announce the unaudited consolidated results of the Group for the nine months ended 30 September 2009 with the comparative figures for the corresponding period in 2008.

| | Notes | For the nine months ended 30 September | | For the three months ended 30 September | |
|--|-------|---|--------------------------------|--|--------------------------------|
| | | 2009 RMB'000 (unaudited) | 2008 RMB'000 (unaudited) | 2009 RMB'000 (unaudited) | 2008 RMB'000 (unaudited) |
| Turnover | 3 | 14,907 | 8,640 | 5,920 | 3,422 |
| Cost of sales and services rendered | | (2,315) | (1,700) | (1,156) | (967) |
| Gross profit | | 12,592 | 6,940 | 4,764 | 2,455 |
| Other revenue | 4 | 687 | 911 | 150 | 306 |
| Distribution costs | | (1,271) | (8,008) | (678) | (2,066) |
| Administrative expenses | | (13,227) | (10,048) | (3,959) | (2,667) |
| (Loss)/Profit from operations | | (1,219) | (10,205) | 277 | (1,972) |
| Finance costs | | (144) | (220) | (2) | 2 |
| Equity-settled compensation | 9 | (4,000) | - | - | - |
| (Loss)/Profit before tax | | (5,363) | (10,425) | 275 | (1,970) |
| Taxation | 6 | - | - | - | - |
| (Loss)/Profit for the period | | (5,363) | (10,425) | 275 | (1,970) |
| Attributable to: | | | | | |
| Equity holders of the Company | | (5,903) | (10,186) | 9 | (2,009) |
| Minority interests | | 540 | (239) | 266 | 39 |
| | | (5,363) | (10,425) | 275 | (1,970) |
| | | RMB | <i>RMB</i> | RMB | <i>RMB</i> |
| (Loss)/Profit per share | | | | | |
| Basic | 7 | (0.006) | (0.011) | 0.0003 | (0.002) |
| Diluted | 7 | N/A | N/A | N/A | N/A |

NOTES TO THE FINANCIAL STATEMENTS

1. GROUP'S OPERATION AND BASIS OF PREPARATION

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 IC and smart cards back end electronic receipt/payment and data recording and processing software system and manufacturing and distribution of the associated commercial applications in the PRC.

All significant intra-group transactions and balances have been eliminated on consolidation.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirement of the GEM Listing Rules.

The unaudited consolidated results have been prepared under the historical cost convention.

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group's annual financial statements for the year ended 31 December 2008.

3. TURNOVER

The Group's turnover which represents sales of goods to customers, revenue from transaction levies, rental income from smart cards issued and advertising income are as follows:

| | Nine months ended 30 September | | Three months ended 30 September | |
|--|-----------------------------------|-----------------|------------------------------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| Sales of hardware and software | 1,464 | 919 | 902 | 593 |
| Transaction levies | 9,317 | 5,210 | 3,458 | 1,981 |
| Rental income from smart cards issued | 3,820 | 2,337 | 1,522 | 786 |
| Advertising income | 306 | 174 | 38 | 62 |
| | 14,907 | 8,640 | 5,920 | 3,422 |

4. OTHER REVENUE

Other revenue includes profit on sales of smart cards, service income, interest income and other revenue

5. TAXATION

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 nine months ended 30 September 2009 (2008: Nil).

There was no significant unprovided deferred taxation for the nine months ended 30 September 2009 (2008: Nil).

The new PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007 introduces various changes which include the unification of the enterprise income tax rate for domestic and foreign enterprise at 25%. The new tax law is effective from 1 January 2008. Hong Kong profits tax has been provided at the rate of 17.5%.

6. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to equity holders of the Company is based on the loss for the period attributable to equity holders of the Company of approximately RMB5.9 million (2008: approximately RMB10,186,000) and the number of ordinary shares of 898,000,000 (2008: 895,000,000) in issue during the period.

Diluted loss per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the period ended 30 September 2009.

7. DIVIDEND

No dividend had been declared by the Board of the Directors for the nine months ended 30 September 2009 (2008: Nil).

8. RESERVES

| | Share premium RMB'000 | Capital reserve RMB'000 | General reserve fund RMB'000 | Enterprise expansion fund RMB'000 | Share option reserve RMB'000 | Accumulated losses RMB'000 | Total RMB'000 | Minority interests RMB'000 | Total equity RMB'000 |
|------------------------------------|-----------------------------|-------------------------------|---------------------------------------|--|---------------------------------------|----------------------------------|------------------|----------------------------------|----------------------------|
| Balances as at | | | | | | | | | |
| 1 January 2009 | 24,488 | 6,304 | 2,870 | 1,435 | - | (92,865) | (57,768) | 3,808 | (53,960) |
| Share-based payments | - | - | - | - | 4,000 | - | 4,000 | - | 4,000 |
| Loss attributed to shareholders | - | - | - | - | - | (5,903) | (5,903) | 540 | (5,363) |
| Balances as at | | | | | | | | | |
| 30 September 2009 | 24,488 | 6,304 | 2,870 | 1,435 | 4,000 | (98,768) | (59,671) | 4,348 | (55,323) |
| Balances as at | | | | | | | | | |
| 1 January 2008 | 24,488 | 6,304 | 2,870 | 1,435 | - | (73,044) | (37,947) | 4,916 | (33,031) |
| Loss attributed to shareholders | - | - | - | - | - | (10,186) | (10,186) | (240) | (10,426) |
| Balances as at | | | | | | | | | |
| 30 September 2008 | 24,488 | 6,304 | 2,870 | 1,435 | - | (82,230) | (48,133) | 4,676 | (43,457) |

9. SHARE-BASED PAYMENTS

Equity-settled share option scheme

Pursuant to the share option scheme of the Company adopted on 19 November 2001 (the "Old Scheme"), the Company may grant options to the participants of the Old Scheme to subscribe for shares of the Company. The participants include any employees (including directors) and certain other persons who, in the sole discretion of the board of directors or a duly authorised committee thereof (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 Old Scheme and other share option schemes must not, in aggregate, exceed 30% of the shares in issue from time to time. Any option granted under the Old 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 grant date, (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.

On 13 March 2008, the Old Scheme was terminated and a new share option scheme (the "New Scheme") was adopted by the shareholders of the Company. As a result, the Company can no longer grant any further options under the Old Scheme. On 30 May 2007 and 15 August 2007 all the outstanding options granted under the Old Scheme were lapsed and cancelled automatically according to the Old Scheme.

Pursuant to the New Scheme, the Company may grant options to the participants of the New Scheme to subscribe for shares of the Company. The participants include any employees (whether full-time or part-time and including directors) and certain consultants, suppliers or customers of the Group who, in the sole discretion of the Board or a duly authorised committee thereof, have contributed to the Group. Unless otherwise terminated or amended, the New Scheme will remain valid and effective for a period of 10 years commencing on 13 March 2008.

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 New Scheme and other share option schemes must not, in aggregate, exceed 30% of the shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of all options granted and to be granted to each participant or grantee (as the case may be) including both exercised and outstanding options in any 12-month period up to the date of grant must not exceed 1% of the shares in issue at the date of grant.

Any option granted under the New 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, but the board of directors of the Company may impose restrictions on the exercise of options including a minimum period for which all or part of an option may be exercised and/or a minimum period of which all or part of an option shall be held before it can be exercised.

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 on which the option is granted, (ii) the average closing price of the shares quoted on the GEM for the five business days immediately preceding the date on which the option is granted, and the (iii) nominal value of the shares on grant date.

Details of specific categories of share options are as follows:

New Scheme

| Name or category of participant | Date of grant | Exercise period | Exercise price HK\$ |
|---------------------------------|---------------|----------------------------|---------------------|
| Directors, employees and others | 18 May 2009 | 18 May 2009 to 17 May 2019 | 0.155 |
| Other eligible persons | 18 May 2009 | 18 May 2009 to 17 May 2019 | 0.155 |

| Name or category of participant | Number of share options | | | | | At 30 June 2009 |
|---------------------------------------|-------------------------|---------------------------|-----------------------------|--------------------------|-----------------------------|-----------------|
| | At 1 January 2009 | Granted during the period | Exercised during the period | Lapsed during the period | Cancelled during the period | |
| | '000 | '000 | '000 | '000 | '000 | '000 |
| Directors | | | | | | |
| Chin Ying Hoi | - | 8,000 | (1,000) | - | - | 7,000 |
| Li Sui Yang | - | 6,000 | (1,000) | - | - | 5,000 |
| Fok Ho Yin Thomas | - | 6,000 | (1,000) | - | - | 5,000 |
| Chow Pok Yu Augustine | - | 3,000 | - | - | - | 3,000 |
| Hu Hai Yuan | - | 3,000 | - | - | - | 3,000 |
| Employees other than directors | | | | | | |
| In aggregate | - | 8,000 | - | - | - | 8,000 |
| Other participants | | | | | | |
| In aggregate | - | 50,000 | - | - | - | 50,000 |
| | - | 84,000 | (3,000) | - | - | 81,000 |

Notes:

- (a) There was no vesting period for the share options granted.
- (b) The above options were granted to each grantees at consideration of HK\$1 each.
- (c) The fair values of share options granted under the Scheme and measured at the date of grant were approximately RMB4,000,000. The following significant assumptions were used to derive the fair values, using the Binomial option pricing model:

| Date of grant | 18 May 2009 |
|--------------------------|--------------------|
| Expected volatility | 64% |
| Expected life (in years) | 10 |
| Risk-free interest rate | 2.2% |
| Expected dividend yield | Nil |

The expected volatility is based on the historical volatility of the Company's share price, adjusted for any expected changes to future volatility based on publicly available information. The expected life used in the model has been adjusted based on management's best estimate.

In total, RMB4,000,000 of employee compensation expense has been included in the consolidated income statement for the period ended 30 September 2009, the corresponding amount of which has been credited to share option reserve. No liabilities were recognised due to these share-based payment transactions.

FINANCIAL REVIEW

For the 9 months ended 30 September 2009, the Group recorded turnover of approximately of RMB14.9 million (2008: RMB8.6 million), representing approximately increase of 73% as compared to the corresponding period in 2008. Loss attributable to shareholders for the period amounted to RMB5.9 million (2008: RMB10.2 million).

REVIEW OF OPERATION

A. 湖北鄂通卡系統有限公司 (Hubei “E-Tong-Ka” System Company Limited)

The Hubei ETK’s operating results for the period were briefly summarized as follows:

1. Transaction levies amounted to approximately RMB9.3 million (2008: RMB5.2 million), representing 79% increase over the last corresponding period. Over 90% of IC card levies were derived from bus transport;
2. Rental income from smart cards issued increased to approximately RMB3.8 million (2008: RMB2.3 million), representing 63% increase over the last corresponding period. Approximately 400,000 traffic IC cards were issued during the period;
3. Advertising income amounted to RMB0.31 million (2008: RMB0.17 million), representing 76% increase over the last corresponding period;
4. Interest Income amounted to RMB0.37 million (2008: RMB0.21 million), representing 76% increase over the last corresponding period.

The Company’s 60% subsidiary Hubei ETK continued its promotion and expansion of IC card development. In July 2009, investments of IC card application system in Xiaogan (孝感) was completed. A total of 44 terminals in 2 bus routes are in operation. The Group thus far had already established the IC card application sub-system in Xiaotao (仙桃), Daye (大冶) and Xiaogan (孝感). In light of the global financial crisis, the Company had also adopted various policies to constraint the cost of operation.

The Group had invested last year to upgrade the existing IC card hardware and software system in order to meet with the relevant regulatory requirements and industry standards. The IC card system had completed its upgrade in 2009 3Q and is currently at the final stage of testing before up and running.

As reported previously in the company's annual report, upon commencement in June 2008, free-ride passes (including senior-citizen pass, disability pass, soldier pass and etc.) currently operating in Wuhan are required to transform gradually into IC cards in accordance to the directives of Hubei Provincial Government. As at 30 June 2009, approximately 350,000 senior-citizen passes were replaced by Hubei ETK IC cards. In July 2009, Hubei ETK received notice from Wuhan Public Bus Transport Group that commencing in August 2009, all senior-citizen passes will be gradually replaced by another IC card issued by a stated-owned company, namely Wuhan City Yi-ka-tong Company Limited (武漢城市一卡通有限公司). The new IC cards (senior-citizen card) issued by Wuhan City Yi-ka-tong Company Limited will be able to use in Hubei ETK IC card application system.

B. Sales of Electronic Car-parking Hardware and Software

Turnover for the sales of the hardware and software was approximately RMB1.5 million (2008: RMB0.9 million), representing increase of 59% over the last corresponding period. Sales of the electronic car-parking hardware and software remained sluggish and it is expected that the Group will continue to face severe competition and challenges. The Group will continue to promote the use of the Jian e-parking smart cards and electronic parking system in various cities in China.

Since April 2009, the Group continuously carried out meetings with relevant Wuhan Municipal Government officials for the purpose of discussing the "Future IC Card Development in Wuhan" (武漢市一卡通發展). During the discussions, it was emphasised that future IC Card development in Wuhan shall be under government's guidance. To promote the development of One-Card-Multiple-Use (一卡多用), existing IC card applications shall be extended to mass-transit-railway, highways, water, gas, electricity and etc. Since majority of the industry are under control or influence of the government, it was believed that state-owned entity operating future IC card development would be in the best interests of Wuhan. It was mutually agreed to continue further discussions as soon as possible in order to meet the government's

demand. No formal agreements were reached during the discussions. As future IC card development in Wuhan have uncertain factors, shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

CONTINGENT LIABILITIES AND LITIGATION

At 30 September 2009, the Group had the following contingent liabilities and outstanding litigation:

- (a) The Group is undergoing a legal proceeding with a former employee in respect of the salaries dispute for the aggregate amount of RMB277,000. The Group intends to contest the claim, and while the final outcome of the proceedings is uncertain, it is the directors' opinion that the ultimate liability, if any, will not have a material impact on the Group's operating results and financial position.
- (b) On 28 October 2008, the Group received a claim from a supplier in respect of the breach of contracts relating to the subcontracting services. The aggregate amount of claims made by the supplier against the Group was approximately RMB104,000. The Group intends to contest the claim, and while the final outcome of the proceedings is uncertain, it is the directors' opinion that the ultimate liability, if any, will not have a material impact on the Group's operating results and financial position.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the nine period ended 30 September 2009.

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

As at 30 September 2009, the interest of the Directors and the chief executive 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 Rules 5.40 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

Interests and short positions of the Directors or chief executives in the shares, underlying shares and debentures of the Company and its associated corporations

(a) Interests in shares

Long positions

| Name | Capacity | Personal Interests | Family Interests | Corporate Interests | Total | Approximate percentage to the issued share capital of the Company as at 30 September 2009 |
|-------------------|-------------------|--------------------|------------------|-------------------------|-------------|---|
| Mr. Chin Ying Hoi | Beneficiary owner | 101,000,000 | - | 286,800,000 (Note 1) | 387,800,000 | 43.18% |

Note 1: Those shares were held through Union Perfect International Limited, which is beneficially owned as to 100% by Mr. Chin Ying Hoi.

(b) *Interests in share option*

| Name | Type of interests | Outstanding shares option as at 30 September 2009 | Approximate percentage of the underlying shares to the share capital of the Company as at 30 September 2009 |
|-----------------------|--------------------------|--|--|
| Chin Ying Hoi | Personal | 7,000,000 | 0.78% |
| Li Sui Yang | Personal | 5,000,000 | 0.55% |
| Fok Ho Yin Thomas | Personal | 5,000,000 | 0.55% |
| Chow Pok Yu Augustine | Personal | 3,000,000 | 0.33% |
| Hu Hai Yuan | Personal | 3,000,000 | 0.33% |

Save as disclosed above, as at 30 September 2009, none of the Directors or chief executive of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed herein, at no time during the period was the Company, its subsidiaries or holding company a party to any arrangements to enable any of the Company's directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company.

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

As at 30 September 2009, the following persons, other than the Directors or Chief Executive of the Company, had interests and short positions in the shares and underlying shares of the Company as recorded in the register which was required to be kept by the Company under Section 336 of the SFO:

Interests in shares and underlying shares

Long positions

| Name of shareholder | Number of shares | Number of share options/ underlying shares | Percentage of shareholding |
|---|-------------------------|---|-----------------------------------|
| Mr. Chin Ying Hoi | 101,000,000 | 7,000,000 | 12.03% |
| Union Perfect International Limited (<i>Note 1</i>) | 286,800,000 | – | 31.94% |
| Mr. Meng Kin Keung | 137,000,000 | – | 15.26% |

Note 1: Union Perfect International Limited is beneficially owned as to 100% by Mr. Chin Ying Hoi.

Save as disclosed above, as at 30 September 2009, the Directors were not aware of any other person who had an interests or short position in the shares or underlying shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

SHARE OPTIONS

Details of the share option scheme of the Company are set out in note 9 to the financial statements.

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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the nine months ended 30 September 2009.

BOARD PRACTICE AND PROCEDURES

The Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures during the nine months ended 30 September 2009.

CORPORATE GOVERNANCE

The Board of Directors ("Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. Save as disclosed as follows, the Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices ("Code on CG Practices") as set out in Appendix 15 of the GEM Listing Rules throughout the nine months ended 30 September 2009.

(1) Board Composition and Board Practices

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders value. The Board consists of a total of eight Directors, comprising three Executive Directors, two Non-executive Director and three Independent Non-executive Directors. One-third of the Board are Independent Non-executive Directors and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise as required by the GEM Listing Rules.

Since 1 January 2009, Mr. Chin Ying Hoi assumed the roles of both the Chairman of the Board (“Chairman”) and Chief Executive Officer of the Company. On 23 June 2009, Mr. Li Sui Yang was appointed as Chief Executive Officer to replace Mr. Chin. The positions of the Chairman and the Chief Executive Officer since then are held by separate individuals with a view to maintaining an effective segregation of duties respecting management of the Board and the day-to-day management of the Group’s business. All Directors have made active contribution to the affairs of the Board and the Board has always acted in the best interests of the Group. In addition to regular Board meetings, the Chairman has meetings with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of Executive Directors at least once every year.

(2) Audit Committee

An Audit Committee was established with written terms of reference in compliance with the requirements 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 nine months ended 30 September 2009 have been reviewed by the audit committee.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to thank the management and staff for their dedication and commitment throughout the period. Besides, I would like to thank all shareholders, business partners, customers and vendors for their support and encouragement given to the Group in the past period. My thanks are also extended to the lawyers, auditors, consultants and relevant enterprises who always give us help and support.

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

Wuhan, the PRC,
4 November 2009

As at the date of this report, the executive directors of the Group are Mr. Chin Yin Hoi, Mr. Li Sui Yang and Mr. Fok Ho Yin Thomas; the non-executive directors of the Group are Dr. Chow Pok Yu Augustine and Mr. Hu Hai Yuan; and the independent non-executive directors of the Group are Mr. Qu Xiao Guo, Mr. Zhang Xiao Jing and Ms. Tung Fong.



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