



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



第一季度業績報告
FIRST QUARTERLY REPORT

2010

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

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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 three months ended 31 March 2010 was approximately RMB6,506,000 (2009: RMB4,065,000) which represented an increase of approximately 60% as compared to that of the corresponding period in 2009.
- Profit attributable to shareholders amounted to approximately RMB62,000 for the three months ended 31 March 2010.
- Profit per share amounted to RMB0.0001 for the three months ended 31 March 2010.

UNAUDITED CONSOLIDATED 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 three months ended 31 March 2010 respectively with comparative figures of the same period in 2009.

	<i>Notes</i>	For the three months ended 31 March	
		2010 RMB'000	2009 RMB'000
Turnover	3	6,506	4,065
Cost of sales and services rendered		(604)	(467)
Gross profit		5,902	3,598
Other income	4	500	291
Distribution costs		(1,335)	(2,540)
Administrative expenses		(4,991)	(1,782)
Profit/(Loss) from operations		76	(433)
Finance costs		(14)	(7)
Profit/(Loss) before tax		62	(440)
Tax	5	-	-
Profit/(Loss) for the period		62	(440)
Loss attributable to:			
– Owners of the Company		(411)	(758)
– Minority interests		473	318
		62	(440)
Profit/(Loss) per share			
– Basic	6	0.0001	(0.0005)

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 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 2009.

3. TURNOVER

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

	2010	2009
	RMB'000	RMB'000
Sales of hardware and software	1,238	204
Transaction levies	3,739	2,607
Rental income from smart cards issued	1,461	1,109
Advertising income	68	145
	6,506	4,065

4. OTHER INCOME

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

5. TAX

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 three months ended 31 March 2010 (2009: Nil).

There was no significant unprovided deferred taxation for the three months ended 31 March 2010 (2009: 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%. 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 profit/(loss) per share attributable to owners of the Company is based on the profit for the period attributable to equity holders of the Company of approximately RMB62,000 (2009: loss of approximately RMB758,000) and the number of ordinary shares of 898,000,000 (2009: 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 31 March 2010.

7. DIVIDEND

No dividend had been declared by the Board of the Directors for the three months ended 31 March 2010 (2009: Nil).

8. RESERVES

	Share capital	Share premium	Capital reserve	General reserve fund	Enterprise expansion fund	Option reserve	Accumulated losses	Minority Total	Minority interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balances as at 1 January 2010	45,370	24,897	6,304	2,870	1,435	3,522	(96,400)	(12,002)	4,024	(7,978)
Profit/(Loss) attributed to shareholders	-	-	-	-	-	-	(411)	(411)	473	62
Balances as at 31 March 2010	45,370	24,897	6,304	2,870	1,435	3,522	(96,811)	(12,413)	4,497	(7,916)
Balances as at 1 January 2009	45,237	24,488	6,304	2,870	1,435	-	(92,865)	(12,531)	3,808	(8,723)
Loss attributed to shareholders	-	-	-	-	-	-	(758)	(758)	318	(440)
Balances as at 31 March 2009	45,237	24,488	6,304	2,870	1,435	-	(93,623)	(13,289)	4,126	(9,163)

9. SHARE-BASED PAYMENTS

EQUITY-SETTLED SHARE OPTION SCHEME

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 options are as follows:

Grantee	Date of grant	Vesting period	Exercise period	Exercise price HK\$
Directors, employees and others	18 May 2009	N/A	18 May 2009 to 17 May 2019	0.155

Details of the share options outstanding during the period are as follows:

	2010	Weighted average exercise price HK\$
	Number of options	price
Outstanding at the beginning of the period	81,000,000	0.155
Granted during the period	–	–
Exercised during the period	–	–
Outstanding and exercisable at the end of the period	81,000,000	0.155

FINANCIAL REVIEW

For the three months ended 31 March 2010, the Group recorded a turnover of approximately RMB6.51 million, representing a 60% increase compared to last period. Profit attributable to shareholders for the period was approximately RMB62,000.

REVIEW OF OPERATION

1. 湖北鄂通卡系統有限公司 (HUBEI “E-TONG-KA” SYSTEM COMPANY LIMITED)

The Company’s 60% subsidiary Hubei ETK continued its promotion and expansion of One-Card-Multiple-Use (一卡多用) and Common Acceptance in Different Cities (異城通用) in Wuhan and the surrounding cities. The Hubei ETK’s operating results were briefly summarized as follows:–

1. Transaction levies amounted to approximately RMB3.74 million (2009: RMB2.61 million), representing 43% 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 RMB1.46 million (2009: RMB1.11 million), representing 31% increase over the last corresponding period.
3. Advertising income amounted to RMB0.07 million (2009: RMB0.15 million), representing a decrease of 53% as compared to the last corresponding period;

On 20 January 2010, Jian ePayment (China) International Holdings Limited (“Jian ePayment China”), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the “Agreement”), pursuant to which Jian ePayment China agreed to dispose of its 60% interest held in Hubei ETK and its subsidiary (collectively referred to as the “ETK Group”) to 武漢市公交集團有限責任公司 (Wuhan City Public Transportation Group Company Limited) at a cash consideration of RMB40,590,000 (the “Disposal”). Progress consideration of RMB30,443,000 has been received by the Company for the Disposal. The successful completion of the Disposal is subject to the fulfillment of the conditions stated in the Agreement, including the approval of the Company’s shareholders in special general meeting. Details are disclosed in the Company’s announcement dated 8 March 2010.

Having considered the significant return from the Disposal and in order to follow Wuhan municipal government's policy for the promotion of the E-Ka-Tong Project (一卡通工程) in Wuhan, the Board considers that the Disposal is in the interest of the Company and its shareholders as a whole.

2. SALES OF ELECTRONIC CAR-PARKING HARDWARE AND SOFTWARE

Turnover for the sales of the hardware and software was approximately RMB1.24 million (2009: RMB0.2 million), representing an increase of approximately 520% over the last corresponding period. During the period under review, Zhengzhou Jian O'Yuan continued improving the functionality, durability and reliability of its existing products. Both the hardware and software of the contactless electronic payment systems are developed and produced by the Group and are sold in various cities in the PRC, including Guangzhou, Wuhan, Nanning and Haikou, which will continue to be the main markets of the Group's business. It is expected that with the proceeds from the Disposal, the Group will allocate additional resources to renew and upgrade the hardware and software for contactless electronic payment systems to meet the demand from customers in Guangzhou, Wuhan, Nanning and Haikou.

With the rich experience of the Group's management in research and development, production, sales and operations of electronic payment systems business and the know-how and intellectual properties in the related hardware and software owned by Jian-O' Yuan, the Board believes that the Group can earn a larger market share in electronic payment systems business in the future.

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 three months ended 31 March 2010.

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 31 March 2010, 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 31 March 2010
Mr. Chin Ying Hoi	Beneficiary owner	101,000,000	–	286,800,000 <i>(Note 1)</i>	387,800,000	43.18%
Mr. Li Sui Yang	Beneficiary owner	1,000,000	–	–	1,000,000	0.11%
Mr. Fok Ho Yin, Thomas	Beneficiary owner	220,000	–	–	220,000	0.02%

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	Approximate
		shares option as at 31 March 2010	percentage of the underlying shares to the share capital of the Company as at 31 March 2010
Chin Ying Hoi	Personal	7,000,000	0.78%
Li Sui Yang	Personal	5,000,000	0.56%
Fok Ho Yin Thomas	Personal	5,000,000	0.56%
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 31 March 2010, 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 31 March 2010, 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	131,670,000	–	14.66%

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

Save as disclosed above, as at 31 March 2010, 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.

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 three months ended 31 March 2010.

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 31 March 2010.

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 three months ended 31 March 2010.

(1) BOARD COMPOSITION

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 Directors 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.

(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 three months ended 31 March 2010 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

Hong Kong
14 May 2010

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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