



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



中期業績報告
INTERIM 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 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 2010 was approximately RMB12,736,000
- Loss attributable to owners of the Company amounted to approximately RMB2,149,000 for the six months ended 30 June 2010
- Loss per share amounted to RMB0.002 for the six months ended 30 June 2010

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 six months ended 30 June 2010 with the comparative figures for the corresponding period in 2009.

	Note	Six months ended 30 June		Three months ended 30 June	
		2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Turnover	6	12,736	8,987	6,230	4,922
Cost of sales and service rendered		(3,934)	(1,159)	(1,962)	(962)
Gross profit		8,802	7,828	4,268	3,960
Other income		2,346	537	1,845	246
Distribution costs		(155)	(593)	(53)	(323)
Administrative expenses		(12,424)	(13,268)	(7,568)	(8,946)
Loss from operations		(1,431)	(5,496)	(1,508)	(5,063)
Finance costs	7	(15)	(142)	–	(135)
Loss before tax		(1,446)	(5,638)	(1,508)	(5,198)
Income tax expense	8	–	–	–	–
Loss and total comprehensive loss for the period	9	(1,446)	(5,638)	(1,508)	(5,198)
Loss and total comprehensive loss for the period attributable to:					
Owners of the Company		(2,149)	(5,912)	(1,738)	(5,154)
Non-controlling interests		703	274	230	(44)
		(1,446)	(5,638)	(1,508)	(5,198)
Loss per share					
Basic (RMB)	11	(0.002)	(0.006)	(0.002)	(0.006)
Diluted	11	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Note	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	12	33,553	28,858
Prepaid land lease payments		3,126	1,408
Available-for-sale financial assets		150	150
		36,829	30,416
Current assets			
Inventories		2,329	1,306
Prepaid land lease payments		90	43
Trade and other receivables	13	17,554	12,625
Bank and cash balances		42,594	60,698
		62,567	74,672
Current liabilities			
Trade and other payables	14	95,670	99,194
Due to a related company	16	10	10
Deposits from customers		11,326	11,548
Due to directors		9	1,429
Other loan		-	885
		107,015	113,066
Net current liabilities		(44,448)	(38,394)
NET LIABILITIES		(7,619)	(7,978)
Capital and reserves			
Share capital	15	45,462	45,370
Reserves		(57,808)	(57,372)
Equity attributable to owners of the Company		(12,346)	(12,002)
Non-controlling interests		4,727	4,024
TOTAL EQUITY		(7,619)	(7,978)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	(Unaudited)									
	Attributable to owners of the Company									
	Share capital	Share premium account	Share Capital reserves	General reserve fund	Enterprise expansion fund	Option reserve	Accumulated losses	Total	Non-controlling interests	Total equity
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2009	45,237	24,488	6,304	2,870	1,435	-	(92,865)	(12,531)	3,808	(8,723)
Recognition of share-based payments	-	-	-	-	-	4,000	-	4,000	-	4,000
Total comprehensive loss for the period	-	-	-	-	-	-	(5,912)	(5,912)	274	(5,638)
At 30 June 2009	45,237	24,488	6,304	2,870	1,435	4,000	(98,777)	(14,443)	4,082	(10,361)
At 1 January 2010	45,370	24,897	6,304	2,870	1,435	3,522	(96,400)	(12,002)	4,024	(7,978)
Recognition of share-based payments	-	-	-	-	-	1,520	-	1,520	-	1,520
Issue of shares on exercise of share options	92	280	-	-	-	(87)	-	285	-	285
Total comprehensive loss for the period	-	-	-	-	-	-	(2,149)	(2,149)	703	(1,446)
At 30 June 2010	45,462	25,177	6,304	2,870	1,435	4,955	(98,549)	(12,346)	4,727	(7,619)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended 30 June	
	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Net cash (used in)/generated from operating activities	(37,597)	2,710
Net cash generated from/(used in) investing activities	21,567	(2,477)
Net cash used in financing activities	(2,074)	–
Net (decrease)/increase in cash and cash equivalents	(18,104)	233
Cash and cash equivalents at beginning of the period	60,698	35,109
Cash and cash equivalents at end of the period	42,594	35,342

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2010

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Century Yard, Cricket Square, Hutchins Drive, P. O. Box 2681, GT George Town, Grand Cayman, British West Indies. The address of its principal place of business is 10/F, Jin Guan Building, Ao Men Road, Jiangnan District, Wuhan, PRC. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are engaged in 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 application.

2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of RMB2,149,000 for the six months ended 30 June 2010 and as at 30 June 2010 the Group had net current liabilities and net liabilities of RMB44,448,000 and RMB7,619,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These condensed financial statements have been prepared on a going concern basis, the validity of which depends upon the successful completion of the disposal of Hubei "E-Tong-Ka" System Company Limited and its subsidiary (collectively referred to as the "ETK Group"), as detailed in note 19 to the condensed financial statements, to obtain funding to finance the working capital requirements of the Group. Taking into consideration of the expected outcome of the successful completion of the disposal, the directors are therefore of the opinion that the Group will have sufficient funding for its operational and working capital requirements for the foreseeable future and it is appropriate to prepare the condensed financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets.

3. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2009. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2009.

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2010. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s condensed financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

5. SEGMENT INFORMATION

The Group engaged in the single type business of 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 application. Accordingly, no business segment information is presented.

6. 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:

	Six months ended		Three months ended	
	30 June		30 June	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of hardware and software	3,503	562	2,265	358
Transaction levies	6,544	5,860	2,805	3,253
Rental income from smart cards issued	2,303	2,297	1,117	1,188
Advertising income	66	268	–	123
Sales of key holders	320	–	43	–
	12,736	8,987	6,230	4,922

7. FINANCE COSTS

	Six months ended		Three months ended	
	30 June		30 June	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest on other loan wholly repayable within five years	15	142	–	135

8. INCOME TAX EXPENSE

	Six months ended 30 June		Three months ended 30 June	
	2010	2009	2010	2009
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Current tax – PRC				
Provision for the period	-	-	-	-

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

No provision for profits tax in the Cayman Islands, the British Virgin Islands or Hong Kong are required as the Group has no assessable profits arising in or derived from those jurisdictions for the three months ended and six months ended 30 June 2010 and 2009.

The tax rate applicable to the PRC subsidiaries in the Group were 25% during the period. However, no provision for PRC enterprise income tax was made in the condensed financial statements for the period as the subsidiaries of the Company either did not generate any assessable profits for the period or have sufficient tax losses brought forward to set off against current period's assessable profits.

9. LOSS FOR THE PERIOD

Loss for the period is stated after charging/(crediting) the following items:

	Six months ended 30 June		Three months ended 30 June	
	2010	2009	2010	2009
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Advertising expenses	1	-	-	-
Amortisation of prepaid land lease payments	21	21	11	11
Depreciation of property, plant and equipment	2,746	3,381	1,177	1,932
Directors' remuneration	2,007	2,046	1,643	1,618
Equity-settled consultancy fees	289	2,174	289	2,174
Interest income	(376)	(298)	(158)	(161)
Other payables written back	(838)	-	(838)	-
Reversal of allowance for inventories (Note)	(687)	(659)	-	-

Note: Because of the change in the market conditions of the Group's products during the period, there was a significant increase in the net realisable value of inventories. As a result, allowance made in prior years against the inventories of RMB687,000 (2009: RMB659,000) was reversed during the period.

10. DIVIDENDS

No dividend had been paid or declared by the Company during the period (2009: Nil).

11. LOSS PER SHARE

	Six months ended		Three months ended	
	30 June		30 June	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(A) BASIC LOSS PER SHARE				
Loss for the purposes of basis loss per share for the period attributable to owners of the Company	(2,149)	(5,912)	(1,738)	(5,154)
Weighted average number of ordinary shares for the purposes of basis loss per share	898,552,486	895,000,000	899,098,901	895,000,000

(B) DILUTED LOSS PER SHARE

No diluted loss per share are presented as the effects of all potential ordinary shares would be anti-dilutive for the three months ended and six months ended 30 June 2010 and 2009 respectively.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2010, the Group acquired property, plant and equipment of approximately RMB8,394,000 (2009: RMB2,275,000).

13. TRADE AND OTHER RECEIVABLES

	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Trade receivables	869	150
Trade deposits	2,391	2,391
Prepayments and other deposits	2,056	257
Other receivables	12,238	9,827
	17,554	12,625

The Group's trading terms with customers are mainly on credit. The credit period granted to the customers generally range from 60 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

An ageing analysis of trade receivables, based on the invoice date, is as follows:

	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
0-30 days	21	79
31-60 days	270	8
61-90 days	9	-
91-120 days	-	-
121-180 days	469	-
181-365 days	-	-
Over 365 days	3,815	3,778
	4,584	3,865
Allowance for impairment losses	(3,715)	(3,715)
	869	150

14. TRADE AND OTHER PAYABLES

	<i>Note</i>	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Trade payables	<i>(a)</i>	1,089	812
Other payables	<i>(b)</i>	94,581	98,382
		95,670	99,194

(A) TRADE PAYABLES

The aging analysis of the trade payables, based on the date of receipt of goods, is as follows:

	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
0-30 days	95	–
31-60 days	–	–
61-90 days	–	–
91-180 days	1	1
181-365 days	200	81
Over 365 days	793	730
	1,089	812

(B) OTHER PAYABLES

	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Business tax payable	72	178
Interest payable	241	241
VAT payable	13	–
Provision for staff and workers' bonus and welfare fund	817	817
Accruals for operating expenses	2,050	3,407
Salary and welfare payables	547	926
Deposits received from the holders of smart cards	52,646	79,978
Amount due to non-controlling interest	129	199
Deposit received for the disposal of subsidiaries (Note 19)	30,443	–
Others	7,623	12,636
	94,581	98,382

15. SHARE CAPITAL

	Number of shares	Nominal value	
		HK\$'000	RMB'000
Authorised:			
Ordinary shares of HK\$0.05 each			
At 1 January 2009, 31 December 2009 and 30 June 2010	1,200,000,000	60,000	63,624
Issued and fully paid:			
Ordinary shares of HK\$0.05 each			
At 1 January 2009	895,000,000	44,750	45,237
Issue of shares on exercise of share options	3,000,000	150	133
At 31 December 2009	898,000,000	44,900	45,370
Issue of shares on exercise of share options	2,000,000	100	92
At 30 June 2010	900,000,000	45,000	45,462

16. RELATED PARTY BALANCES AND TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed financial statements, the Group had the following transactions with its related parties during the period:

	Six months ended 30 June	
	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Sales of smart cards:		
Beijing Huapu Roadside Parking Facilities Construction and Management Co., Ltd. (Note)	23	–

Note: The related company is significantly influenced by a director of the Company, Mr. Chin Ying Hoi.

The amounts due to related company are unsecured, interest free and repayable on demand.

17. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2010 (at 31 December 2009: Nil).

18. CAPITAL COMMITMENTS

	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Contracted for but not provided for:		
Acquisition of property, plant and equipment	1,664	1,664

19. EVENTS AFTER THE REPORTING PERIOD

On 20 January 2010, Jian ePayment (China) International Holdings Limited (“Jian ePayment China”), a wholly-owned subsidiary of the Company, and the non-controlling interests of the Company (the “Purchaser”) have entered into a conditional sale and purchase agreement (the “Agreement”), pursuant to which Jian ePayment China has agreed to dispose of its 60% interest held in ETK Group to the Purchaser 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 and circular dated 8 March 2010 and 29 June 2010 respectively. On 21 July 2010, a special resolution for approving the disposal of ETK Group to the Purchaser has been passed at an extraordinary general meeting of shareholders of the Company. The directors of the Company regard that the Disposal will be completed within 2010.

INDEPENDENT REVIEW REPORT

RSM Nelson Wheeler

中瑞岳華(香港)會計師事務所

Certified Public Accountants

To the board of directors of

JIAN ePAYMENT SYSTEMS LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 3 to 15 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2010 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of 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 “HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information 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 HKICPA. A review of interim financial information 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 interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw to your attention for the following matters:

1. The comparative condensed consolidated statement of comprehensive income, comparative condensed consolidated statement of cash flows, comparative condensed consolidated statement of changes in equity and relevant comparative notes to the condensed financial statements for the six months ended 30 June 2009 disclosed in the interim financial statements have not been reviewed in accordance with standards applicable to review engagements issued by the HKICPA; and
2. We have considered the adequacy of the disclosure made in note 2 to the condensed financial statements which mentions that the Group incurred a loss attributable to owners of the Company of RMB2,149,000 for the six months ended 30 June 2010 and as at 30 June 2010 the Group had net current liabilities and net liabilities of RMB44,448,000 and RMB7,619,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The condensed financial statements have been prepared on a going concern basis, the validity of which depends upon the successful completion of the disposal of Hubei "E-Tong-Ka" System Company Limited and its subsidiary, as detailed in note 2 and 19 to the condensed financial statements, to obtain funding to finance the working capital requirements of the Group. The condensed financial statements do not include any adjustments that would result from the failure of the disposal of Hubei "E-Tong-Ka" System Company Limited and its subsidiary to obtain funding to finance the working capital requirements of the Group. We consider that the material uncertainty has been adequately disclosed in the condensed financial statements.

RSM Nelson Wheeler

Certified Public Accountants

Hong Kong

12 August 2010

FINANCIAL REVIEW

For the six months ended 30 June 2010, the Group recorded a turnover of approximately RMB12.7 million (2009: 8.9 million), representing approximately increase of 42% as compared to the corresponding period in 2009. Loss attributable to owners of the Company the period was approximately RMB2.1 million (2009: 5.9 million).

REVIEW OF OPERATION

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

The Hubei ETK’s operating results were briefly summarized as follows:–

1. Transaction levies amounted to approximately RMB6.5 million (2009: RMB5.9 million), representing 12% increase over the last corresponding period. Over 90% of IC card levies were derived from bus transport.
2. Rental income from smart cards issued amounted to approximately RMB2.3 million (2009: RMB2.3 million).

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 and circular dated 29 June 2010. On 21 July 2010, a special resolution for approving the disposal of ETK Group to the Purchaser has been passed at an extraordinary general meeting of shareholders of the Company.

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. 鄭州華普奧原電子泊車設備有限公司 (ZHENGZHOU JIAN-O'YUAN ITS SYSTEMS COMPANY LIMITED) (“JIAN-O'YUAN”)

Turnover for the sales of the hardware and software was approximately RMB3.5 million (2009: RMB0.56 million), representing an increase of approximately 523% over the last corresponding period. The increase was mainly due to the Group's modified sales and operation strategy which was able to meet the specific needs and demands from customers. Details of software and parking equipment sold to customers for 2009 and 2010 were as follows:

Market	2009	2010	Accumulated cards issued
Guangzhou	200 units	–	600,000
Haikou	–	300 units	40,000
Nanning	50 units	–	120,000
Panyu	120 units	100 units	140,000
Wuhan	–	500 units	270,000

The accumulated number of parking cards issued by Jian O'Yuan in various regions was approximately 1.2 million. It is expected that such number will continue to grow in the future. During the period under review, 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 developed and produced by the Group were sold to Guangzhou, Panyu, Wuhan, Nanning and Haikou, which will continue to be the main markets of the Group's business.

Plans of Jian O'Yuan in the 2nd half year of 2010 are as follows:

- A. To ensure the parking equipment and software under the contracts will align the production schedule and will be timely delivered in accordance with the customers' requirements;
- B. To accelerate the R&D of the new generation software and equipment for GPS parking guidance system/solar energy recharging function;
- C. To maintain high-quality and responsive system maintenance and after-sale services for existing parking operators in various regions and also to satisfy the needs for issuing and formatting IC cards upon demand;
- D. Jian O'Yuan has been in on-going negotiations with an independent third party for an investment in an electronic-payment project and a business cooperation related to an electronic car-parking management project. The proposed investment and business cooperation project may or may not materialize. The Company will comply with the requirements of the GEM Listing Rules and inform the market as and when necessary if there is any progress of the proposed investment and business cooperation project.

On the basis of the existing business, Jian O'Yuan will leverage its existing long-term and sound relationship with the parking operators in various regions and the solid relationship with the local governments, and capitalize on its core technology and historical background to seek growth opportunities.

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. 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.

LIQUIDITY AND FINANCIAL RESOURCES

The Group currently has cash and cash equivalents of approximately RMB42.6 million.

CHARGE ON GROUP'S ASSETS

The Group did not have any charge on its assets for the period ended 30 June 2010.

EXCHANGE RATE EXPOSURE

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

INCOME TAX

Details of the treatment of the Group's income tax expense for the period ended 30 June 2010 are set out in note 8 to the condensed financial statements.

HUMAN RESOURCES

As at 30 June 2010, the Group had approximately 52 employees (2009: 49 employees) in the PRC and Hong Kong. The Group continues to remunerate its employees with reference to their performance, experience and the prevailing industry practice. The Group also provides provident fund benefits for its employees in Hong Kong and statutory retirement scheme for its employees in China. The Group recognizes the importance of staff training and thus regularly provides internal and external training for its staff to enhance their skills and knowledge. The management will continue to monitor the human resources requirements of the Group.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2010.

SIGNIFICANT INVESTMENTS

The Group had no significant investment for the period ended 30 June 2010.

SHARE OPTIONS

EQUITY-SETTLED SHARE OPTION SCHEME

On 13 March 2008, the share option scheme of the Company adopted on 19 November 2001 (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
Directors	1 June 2010 (A)	N/A	1 June 2010 to 31 May 2020	0.147
Directors	1 June 2010 (B)	1 June 2010 to 31 May 2011	1 June 2011 to 31 May 2020	0.147
Others	1 June 2010 (C)	1 June 2010 to 31 December 2010	1 January 2011 to 31 May 2013	0.147
Others	1 June 2010 (D)	1 June 2010 to 31 December 2011	1 January 2012 to 31 May 2013	0.147

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

	2010		2009	
	Number of options	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$
Outstanding at the beginning of the period	81,000,000	0.155	–	–
Granted during the period	89,800,000	0.147	84,000,000	0.155
Exercised during the period	(2,000,000)	0.155	–	–
Outstanding at the end of the period	168,800,000	0.151	84,000,000	0.155
Exercisable at the end of the period	98,400,000	0.153	84,000,000	0.155

Name or category of participant	Number of share options					At 30 June 2010
	At 1 January 2010	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	
	'000	'000	'000	'000	'000	
Directors						
Chin Ying Hoi	7,000	8,800	-	-	-	15,800
Li Sui Yang	5,000	8,800	-	-	-	13,800
Fok Ho Yin Thomas	5,000	8,800	-	-	-	13,800
Chow Pok Yu Augustine	3,000	5,000	-	-	-	8,000
Hu Hai Yuan	3,000	5,000	-	-	-	8,000
Tung Fong	-	800	-	-	-	800
Zhang Xiao Jing	-	800	-	-	-	800
Qu Xiao Guo	-	800	-	-	-	800
Employees other than directors						
In aggregate	8,000	-	-	-	-	8,000
Other participants						
In aggregate	50,000	51,000	(2,000)	-	-	99,000
	81,000	89,800	(2,000)	-	-	168,800

The above options comprising at the end of the period have a weighted average remaining contractual life of 7.32 years (for the period ended 30 June 2009: 9.88 years) and the exercise price are ranging from HK\$0.147 to HK\$0.155 (for the period ended 30 June 2009: HK\$0.155). The estimated fair values of the options granted on 18 May 2009 and 1 June 2010 are determined using the Binomial pricing model and Black-Scholes option pricing model respectively. The estimated fair value and significant inputs into the model were as follows:

	Share options grant date				
	1 June 2010 (A)	1 June 2010 (B)	1 June 2010 (C)	1 June 2010 (D)	18 May 2009
Estimated fair value at the grant date	RMB1,135,000 HK\$1,283,000	RMB1,159,000 HK\$1,310,000	RMB1,454,000 HK\$1,643,000	RMB1,454,000 HK\$1,643,000	RMB3,652,000 HK\$4,149,000
Weighted average share price at the grant date	HK\$0.144	HK\$0.144	HK\$0.144	HK\$0.144	HK\$0.130
Weighted average exercise price	HK\$0.147	HK\$0.147	HK\$0.147	HK\$0.147	HK\$0.155
Expected volatility	58.92%	54.13%	76.00%	76.00%	64.41%
Expected life	5 years	6 years	3 years	3 years	10 years
Risk free rate	1.597%	1.863%	1.023%	1.023%	2.205%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 10 years. The expected life used in the model has been adjusted, based on the Company's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

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 six months ended 30 June 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 30 June 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
						30 June 2010
Mr. Chin Ying Hoi	Beneficiary owner	101,000,000	-	286,800,000 (Note 1)	387,800,000	43.09%
Mr. Li Sui Yang	Beneficiary owner	280,000	-	-	280,000	0.03%

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 options

Name	Type of interests	Outstanding shares option as at 30 June 2010	Approximate percentage of the underlying shares to the share capital of the Company as at
			30 June 2010
Chin Ying Hoi	Personal	15,800,000	1.76%
Li Sui Yang	Personal	13,800,000	1.53%
Fok Ho Yin Thomas	Personal	13,800,000	1.53%
Chow Pok Yu Augustine	Personal	8,000,000	0.89%
Hu Hai Yuan	Personal	8,000,000	0.89%
Tung Fong	Personal	800,000	0.09%
Zhang Xiao Jing	Personal	800,000	0.09%
Qu Xiao Guo	Personal	800,000	0.09%

Save as disclosed above, as at 30 June 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 30 June 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
Union Perfect International Limited (<i>Note 1</i>)	286,800,000	–	31.87%
Mr. Mung Kin Keung	131,670,000	–	14.63%

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

Save as disclosed above, as at 30 June 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.

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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 2010.

(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 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 six months ended 30 June 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
12 August 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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