



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)

First Quarterly Report 2011 第一季度業績報告

Stock Code 股份代號 : 8165

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This report, for which the directors of Jian ePayment Systems Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

- Turnover for the three months ended 31 March 2011 was approximately RMB1,051,000 (2010: RMB6,506,000) which represented decrease of approximately 84% as compared to that of the corresponding period in 2010.
- Loss attributable to owners of the Company amounted to approximately RMB1,142,000 for the three months ended 31 March 2011.
- Loss per share amounted to RMB0.0013 for the three months ended 31 March 2011.

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 2011 with comparative figures of the same period in 2010.

	Notes	For the three months ended 31 March	
		2011 RMB'000	2010 RMB'000
Turnover	3	1,051	6,506
Cost of sales and services rendered		(456)	(604)
Gross profit		595	5,902
Other income	4	166	500
Distribution costs		(90)	(1,335)
Administrative expenses		(1,956)	(4,991)
Profit/(Loss) from operations		(1,285)	76
Finance costs		–	(14)
Profit/(Loss) before tax		(1,285)	62
Income tax expense	5	–	–
Profit/(Loss) and total comprehensive income for the period		(1,285)	62
Profit/(Loss) and total comprehensive income/(loss) for the period attributable to:			
– Owners of the Company		(1,142)	(411)
– Non-controlling interests		(143)	473
		(1,285)	62
Earnings/(loss) per share			
– Basic	6	(0.0013)	(0.0005)
– Diluted		(0.0013)	(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 smart cards to customers, rental income from leasing of machinery, revenue from transaction levies, rental income from smart cards issued and advertising income are as follows:

	2011 RMB'000	2010 RMB'000
Sales of hardware, software and smart cards	973	1,238
Rental income from leasing of machinery	78	–
Transaction levies	–	3,739
Rental income from smart cards issued	–	1,461
Advertising income	–	68
	1,051	6,506

4. OTHER INCOME

Other income includes 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 2011 (2010: Nil).

There was no significant unprovided deferred taxation for the three months ended 31 March 2011 (2010: 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. EARNINGS/(LOSS) PER SHARE

BASIC LOSS PER SHARE

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately RMB1,142,000 (2010: loss of approximately RMB411,000) and the weighted average number of ordinary shares of 906,000,000 (2010: 898,000,000) in issue during the period.

DILUTED LOSS PER SHARE

The calculation of diluted loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately RMB1,142,000 and the weighted average number of ordinary shares of 923,797,000 being the weighted average number of ordinary shares of 906,000,000 in issue during the year used in the basic loss per share calculation plus the weighted average number of ordinary shares of 17,797,000 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the period.

7. DIVIDEND

No dividend had been declared by the Board of the Directors for the three months ended 31 March 2011 (2010: Nil).

8. RESERVES

	Share capital	Share premium	Capital reserve	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
Balances as at 1 January 2011	45,727	25,995	6,304	2,870	1,435	6,439	(75,466)	13,304	2,122	15,426
Loss attributed to owners of the Company	-	-	-	-	-	-	(1,142)	(1,142)	(143)	(1,285)
Balances as at 31 March 2011	45,727	25,995	6,304	2,870	1,435	6,439	(76,608)	12,162	1,979	14,141
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)
Loss attributed to owners of the Company	-	-	-	-	-	-	(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)

9. SHARE-BASED PAYMENTS

SHARE OPTIONS

On 13 March 2008, the share option scheme adopted by the Company 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 the closing price of the shares quoted on the GEM on the date on which the option is granted, 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 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)	N/A	1 January 2011 to 31 May 2013	0.147
Others	1 June 2010 (D)	N/A	1 January 2012 to 31 May 2013	0.147

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

	2011		2010	
	Number of options	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$
Outstanding at the beginning of the period	162,800,000	0.153	81,000,000	0.155
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Outstanding at the end of the period	162,800,000	0.153	81,000,000	0.155
Exercisable at the end of the period	92,400,000	0.153	81,000,000	0.155

Name or category of participant	Number of share options					At 31 March 2011
	At 1 January 2011	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	15,800	-	-	-	-	15,800
Li Sui Yang	12,800	-	-	-	-	12,800
Fok Ho Yin Thomas	12,800	-	-	-	-	12,800
Chow Pok Yu Augustine*	8,000	-	-	-	-	8,000
Hu Hai Yuan	8,000	-	-	-	-	8,000
Tung Fong	800	-	-	-	-	800
Zhang Xiao Jing	800	-	-	-	-	800
Qu Xiao Guo	800	-	-	-	-	800
Employees other than directors						
In aggregate	800	-	-	-	-	800
Other participants						
In aggregate	102,200	-	-	-	-	102,200
	162,800	-	-	-	-	162,800

* Dr. Chow Pok Yu Augustine resigned as non-executive director effective 29 March 2011.

FINANCIAL REVIEW

During the period under review, the Group recorded a turnover of approximately RMB1.05 million (2010: RMB6.5 million), representing a decrease of 84% over the last corresponding period. Loss attributable to owners of the Company amounted to approximately RMB1.14 million (2010: loss of RMB0.41 million).

REVIEW OF OPERATION

1. JIAN-O'YUAN

Turnover for the sales and upgrade of the electronic car-parking hardware and software and sales of smart cards was approximately RMB1.05 million (2010: RMB1.2 million), representing a decrease of approximately 12.5% over the last corresponding period. During the period under review, Jian-O'Yuan continued improving the functionality, durability and reliability of its existing products. Guangzhou, Panyu, Wuhan, Nanning and Haikou continued to be the main markets of the Group's business.

2. WUHAN TIANRUNTONG

Wuhan Tianruntong is principally engaged in the development and operation of back end electronic receipt/payment system; and sales of associated commercial application in the PRC, particularly in Wuhan. During the period under review, Wuhan Tianruntong continued to promote the use of electronic payment system aligning with telecom operators, banks and university campus.

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 2011.

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 2011, 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 2011
Mr. Chin Ying Hoi	Beneficiary owner	101,000,000	-	286,800,000 (Note 1)	387,800,000	42.80%
Mr. Li Sui Yang	Beneficiary owner	700,000	-	-	700,000	0.08%
Mr. Fok Ho Yin Thomas	Beneficiary owner	300,000	-	-	300,000	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	Approximate
		shares option as at 31 March 2011	percentage of the underlying shares to the share capital of the Company as at 31 March 2011
Chin Ying Hoi	Personal	15,800,000	1.74%
Li Sui Yang	Personal	12,800,000	1.41%
Fok Ho Yin Thomas	Personal	12,800,000	1.41%
Chow Pok Yu Augustine*	Personal	8,000,000	0.88%
Hu Hai Yuan	Personal	8,000,000	0.88%
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 31 March 2011, 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.

* Dr. Chow Pok Yu Augustine resigned as non-executive director effective 29 March 2011.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed herein, at no time during the period was the Company or its subsidiaries 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 2011, 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 (Note 1)	286,800,000	–	31.66%
Mr. Mung Kin Keung	131,670,000	–	14.53%

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 2011, 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 2011.

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 three months ended 31 March 2011.

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 2011.

(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 2011 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
13 May 2011

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 Mr. Hu Hai Yuan and Tang Hao; 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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