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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8165)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

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.

* *For identification purpose only*

SUMMARY

– Recorded consolidated loss attributable to owners of the Company of approximately RMB25.1 million for the year ended 31 December 2012.

– Recorded consolidated turnover of approximately RMB5.66 million for the year ended 31 December 2012.

– Loss earnings per share of approximately RMB0.019.

The board of directors (the "Board") of Jian ePayment Systems Limited (the "Company"), together with its subsidiaries (the "Group"), is pleased to announce the audited results of the Group for the year ended 31 December 2012.

FINANCIAL REVIEW

For the year ended 31 December 2012, the Group recorded a turnover of approximately RMB5.66 million (2011: RMB2.26 million), representing an increase of 150% over the last year. Loss attributable to owners of the Company amounted to approximately RMB25.1 million (2011: RMB20.3 million).

BUSINESS DEVELOPMENT

During the year under review, the Group continued operating the car-parking electronic payment system. Sales of the Group for the year increased 150% as compared to last year due to strong demand from the Guangzhou market. The Group will continue to improve its operational and managerial capabilities and will also continue to improve the functionality and reliability of its products to meet with the strong market competition.

On 6 November 2012, the Company entered into a conditional sale and purchase agreement (the "S&P") to acquire the entire issued capital of Harvest Moon Global Investments Limited and its subsidiaries (collectively referred to as the "Target Group") at a consideration of HK$1,580,000,000 (the "Consideration") which will be satisfied by (i) the HK$25,000,000 deposit paid under the framework agreement; (ii) cash of HK$1,025,000,000; (iii) issuance of 2,100,000,000 consideration shares at an issue price of HK$0.1 per share by the Company; and (iv) issuance of convertible bonds of HK$320,000,000 at a conversation price of HK$0.1 per conversation share by the Company upon completion of the proposed acquisition.

To finance the cash portion of the Consideration of HK$1,025,000,000, the expansion plan and the future working capital requirement of the Target Group's potash mining and processing operation, the Company entered into seven conditional subscription agreements and placing agreement with seven subscribers on 6 November 2012 and 12 November 2012 and the placing agent on 6 November 2012 for the issuance of 13,781,086,420 new shares of the Company and to procure together not less than six placees for 300,000,000 new shares of the Company at subscription and placing price of HK$0.1 each respectively.

The completion of the proposed acquisition is subject to the fulfillment of the conditions set out in the S&P, including approval of the Company's shareholders in special general meeting. As of the approval date on the financial statements of the Company, the proposed acquisition is under progress and not yet completed.

The Target Group is principally engaged in the production and sale of potassium fertilizer for agricultural use and its related products in the PRC. We believe the proposed acquisition and development into resources-related business will speed up the Group's business transformation which enables the Group to deliver long-term sustainable returns to shareholders.

Details are disclosed in the Company's announcement dated 21 January 2013.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank the Group's management and staff for their dedication and commitment throughout the year. 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 years. My thanks are also extended to the lawyers, auditors, consultants and relevant enterprises who always give us help and support.

Li Sui Yang
Chairman

Hong Kong, 22 February 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Note	**2012** **RMB'000**	2011 RMB'000
Turnover	*5(a)*	**5,664**	2,259
Cost of sales and service rendered		**(3,825)**	(818)
Gross profit		**1,839**	1,441
Other income	*5(b)*	**934**	599
Distribution costs		**(363)**	(382)
Administrative expenses		**(29,194)**	(23,575)
Loss from operations		**(26,784)**	(21,917)
Gain on disposal of a subsidiary		**1,468**	–
Loss before tax		**(25,316)**	(21,917)
Income tax expense	*7*	**–**	–
Loss and total comprehensive loss for the year	*8*	**(25,316)**	(21,917)
Loss and total comprehensive loss for the year attributable to:			
Owners of the Company		**(25,099)**	(20,297)
Non-controlling interests		**(217)**	(1,620)
		(25,316)	(21,917)
Loss per share			
Basic	*10*	**(RMB0.019)**	(RMB0.018)
Diluted	*10*	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Note	**2012** *RMB'000*	2011 *RMB'000*
Non-current assets			
Property, plant and equipment		**6,870**	10,454
Goodwill		**–**	–
Deposit paid for acquisition of a subsidiary	*11*	**20,271**	20,751
		27,141	31,205
Current assets			
Inventories		**294**	251
Trade and other receivables	*12*	**1,591**	567
Bank and cash balances		**1,070**	17,819
		2,955	18,637
Current liabilities			
Trade and other payables	*13*	**9,212**	7,705
Advance from a substantial shareholder		**2,000**	–
Due to directors		**1,930**	–
Due to a related company		**10**	10
		13,152	7,715
Net current (liabilities)/assets		**(10,197)**	10,922
NET ASSETS		**16,944**	42,127
Capital and reserves			
Share capital		**61,766**	61,766
Reserves		**(44,822)**	(20,141)
Equity attributable to owners of the Company		**16,944**	41,625
Non-controlling interests		**–**	502
TOTAL EQUITY		**16,944**	42,127

NOTES

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 84 Jing Bei Yi Lu, Economic and Technological Development District, Zhengzhou, Henan, the People's Republic of China (the "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 development and operation of IC and smart cards, backend electronic receipt/payment and date recording and processing software system; manufacturing and distribution of the associated commercial application.

2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of RMB25,099,000 for the year ended 31 December 2012 and as at 31 December 2012 the Group had net current liabilities of RMB10,197,000. 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.

The financial statements of the Company have been prepared on a going concern basis, the validity of which depends upon the financial support of Mr. Chin Ying Hoi, a substantial shareholder of the Company, at a level sufficient to finance the working capital requirements of the Group. The substantial shareholder has agreed to provide financial support to the extent of RMB20,000,000 to the Group for the next twelve months to meet its financial obligations. As of the approval date on the financial statements of the Company, the substantial shareholder advanced RMB15,000,000 to the Group to meet its working capital requirements. As considering the working capital forecast of the Group for the next twelve months including the costs to be incurred for the proposed acquisition of Harvest Moon Global Investments Limited as detailed in notes 11 and 14 to this announcement and the financial support of the substantial shareholder, the directors of the Company are of the opinion that the Group will be able to meet its financial obligations as they fall due and therefore it is appropriate to prepare the 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 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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2012. 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 financial statements and amounts reported for the current year 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.

4. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

5. TURNOVER AND OTHER INCOME

(a) Turnover

The Group's turnover represents the following:

	2012	2011
	RMB'000	*RMB'000*
Sales of hardware, software and smart cards	**5,265**	1,641
Rental income from leasing of machinery	**1**	102
Repair and maintenance services	**398**	516
	5,664	2,259

(b) Other income

	2012	2011
	RMB'000	*RMB'000*
Subsidy income		
– Value-added tax ("VAT") refund *(Note (i))*	**385**	50
Interest income	**20**	60
Gain on disposals of property, plant and equipment	**529**	–
Others	**–**	489
	934	599

(i) Zhengzhou Jian-O' Yuan ITS Systems Co. Ltd. ("Zhengzhou Jian-O' Yuan") is subject to output VAT on its sales in the PRC, which is levied at the general rate of 17% on the gross selling price upon sales of goods. Input VAT paid on purchases of raw materials, work in progress and other assets would be used to offset the output VAT payable on sales to determine the net VAT prepayment or VAT payable.

Pursuant to Cai Shui 2000 No. 25 issued by the State Tax Bureau on 22 June 2000, software enterprises are entitled to a preferential tax treatment and any actual VAT paid related to the sales of self-developed and produced software exceeding 3% of the revenue from the sales of software will be refunded.

6. SEGMENT INFORMATION

Operating 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 operating segment information is presented.

Geographical information

Revenue generated by the Group during the two years ended 31 December 2012 and 2011 were attributable to customers based in the PRC, the country of domicile of the Group's operation. Meanwhile, the Group's major non-current assets are all located in the PRC.

Information about major customers

The Group's customers base included two (2011: three) customers with whom transactions have exceeded 10% of the Group's revenue. Revenue from those customers is set out as below:

	2012	2011
	RMB'000	*RMB'000*
Customer A	**4,038**	666
Customer B	**–**	416
Customer C	**–**	260
Customer D	**697**	–
	4,735	1,342

7. INCOME TAX EXPENSE

	2012	2011
	RMB'000	*RMB'000*
Current tax – PRC		
Provision for the year	**–**	–

No provision for profits tax in the Cayman Islands, the British Virgin Islands or Hong Kong are required as the Group has no assessable profit arising in or derived from those jurisdictions for the years ended 31 December 2012 and 2011.

The tax rate applicable to the PRC subsidiaries in the Group were 25% (2011: 25%) during the year. However, no provision for PRC enterprise income tax has been made in the financial statements for the years ended 31 December 2012 and 2011 as the PRC subsidiaries did not generate any assessable profit for the years.

8. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2012	2011
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**763**	1,310
Directors' emoluments	**4,700**	4,868
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	**5,302**	6,045
– Equity-settled share-based payments	**–**	459
– Retirement benefit scheme contributions	**487**	633
	5,789	7,137
Cost of inventories sold	**3,739**	772
Operating lease charges	**655**	437
Auditor's remuneration		
– Current	**331**	337
– Over-provision in prior year	**–**	(33)
	331	304
Allowance for inventories (included in cost of inventories sold)	**5**	56
Equity-settled consultancy fees	**418**	24
Foreign exchange loss	**480**	–
Reversal of allowance for inventories (included in cost of inventories sold)	**(10)**	(16)
Research and development costs	**850**	1,191
Loss on disposals of property, plant and equipment	**–**	4
Impairment loss on property, plant and equipment	**–**	1,585
Impairment loss on trade and other receivables	**410**	573

Cost of inventories sold includes staff costs, depreciation, inventories written back and operating lease charges of approximately RMB71,000 (2011: RMB148,000) which are included in the amounts disclosed separately above.

9. DIVIDEND

No dividend had been paid or declared by the Company during the year (2011: Nil).

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately RMB25,099,000 (2011: approximately RMB20,297,000) and the weighted average number of ordinary shares of approximately 1,290,600,000 (2011: 1,122,878,000) in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2012 and 2011.

11. DEPOSIT PAID FOR ACQUISITION OF A SUBSIDIARY

On 24 January 2011, Jian epayment (China) International Holdings Limited ("Jian epayment China"), a wholly-owned subsidiary of the Company, entered into a letter of intent with Fullcorp Investments Limited and World Yield Global Investments Limited (collectively referred to as the "Vendors"), pursuant to which Jian epayment China intends to negotiate and enter into a formal and legally-binding agreement to acquire the entire interests of Harvest Moon Global Investments Limited (the "Target Company") from the Vendors (the "Proposed Acquisition"). The Target Company is principally engaged in the potash mining and processing operation in the PRC.

On 26 April 2011, 30 September 2011, 31 December 2011, 30 April 2012 and 30 September 2012, Jian epayment China entered into a conditional framework agreement (the "Framework Agreement") and four supplemental agreements respectively with the Vendors in relation to the Proposed Acquisition, whereby Jian epayment China has agreed to pay an earnest money of HK$25,000,000 (equivalent to RMB20,271,000 (2011: RMB20,751,000)) to the Vendors as an initial deposit (the "Deposit") so as to extend the period of time for further due diligence works to be conducted on the Target Company and its assets by Jian epayment China and to provide more time for the parties to negotiate for terms and conditions of the formal agreement upto 31 December 2012.

The Deposit is unsecured, non-interest bearing and refundable in the event that the Proposed Acquisition terminated.

12. TRADE AND OTHER RECEIVABLES

	Note	**2012** **RMB'000**	2011 *RMB'000*
Trade receivables	*(a)*	**954**	301
Prepayments and other deposits	*(b)*	**213**	149
Other receivables	*(c)*	**424**	117
		1,591	567

(a) Trade receivables

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.

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

	2012 **RMB'000**	2011 *RMB'000*
0-30 days	**828**	–
31-60 days	**–**	–
61-90 days	**–**	18
91-120 days	**–**	1
121-180 days	**–**	1
181-365 days	**126**	281
Over 365 days	**3,715**	4,240
	4,669	4,541
Allowance for impairment losses	**(3,715)**	(4,240)
	954	301

The movements in the allowance for impairment losses of trade receivables are as follows:

	2012 *RMB'000*	2011 *RMB'000*
At 1 January	**4,240**	3,715
Impairment loss recognised	**–**	525
Derecognised on disposal of a subsidiary	**(525)**	–
At 31 December	**3,715**	4,240

The allowance for impairment losses was made for the impaired trade receivables which mainly relate to past due payments from customers and management considered that the trade receivables are expected not to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

As of 31 December 2012, trade receivables of approximately RMB126,000 (2011: RMB301,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables, based on their due dates, is as follows:

	2012 *RMB'000*	2011 *RMB'000*
Up to 3 months	**–**	20
3 to 6 months	**126**	281
	126	301

(b) Prepayments and other deposits

	2012 *RMB'000*	2011 *RMB'000*
Prepayments to suppliers	**61**	3
Others	**152**	146
	213	149

(c) Other receivables

	2012 *RMB'000*	2011 *RMB'000*
Advances to staff	**30**	–
Others	**394**	117
	424	117

13. TRADE AND OTHER PAYABLES

	Note	2012 RMB'000	2011 RMB'000
Trade payables	*(a)*	**643**	1,083
Other payables	*(b)*	**8,569**	6,622
		9,212	7,705

(a) Trade payables

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

	2012 RMB'000	2011 RMB'000
0-30 days	**–**	–
31-60 days	**–**	–
61-90 days	**–**	–
91- 180 days	**–**	–
181-365 days	**2**	2
Over 365 days	**641**	1,081
	643	1,083

(b) Other payables

	2012 RMB'000	2011 RMB'000
Business tax payable	**74**	76
VAT payable	**119**	15
Provision for staff and workers' bonus and welfare fund	**817**	817
Accruals for operating expenses	**5,557**	2,660
Salary and welfare payables	**64**	327
Others	**1,938**	2,727
	8,569	6,622

14. EVENTS AFTER THE REPORTING PERIOD

On 21 January 2013, the Company announced that Jian ePayment China and the Vendors had entered into a conditional sale and purchase agreement (the "S&P") for the Proposed Acquisition on 6 November 2012. According to the S&P, Jian epayment China has agreed to acquire the entire issued capital of the Target Company and its subsidiaries (collectively referred to as the "Target Group") at a consideration of HK$1,580,000,000 (the "Consideration") which will be satisfied by (i) the Deposit paid under the Framework Agreement; (ii) cash of HK$1,025,000,000; (iii) issuance of 2,100,000,000 consideration shares at an issue price of HK$0.1 per share by the Company; and (iv) issuance of convertible bonds of HK$320,000,000 at a conversation price of HK$0.1 per conversation share by the Company upon completion of the Proposed Acquisition.

In order to finance the cash portion of the Consideration of HK$1,025,000,000, the expansion plan and the future working capital requirement of the Target Group's potash mining and processing operation, the Company had entered into seven conditional subscription agreements and placing agreement with seven subscribers on 6 November 2012 and 12 November 2012 and the placing agent on 6 November 2012 for the issuance of 13,781,086,420 new shares of the Company and to procure together not less than six placees for 300,000,000 new shares of the Company at subscription and placing price of HK$0.1 each respectively.

The completion of the Proposed Acquisition is subject to the fulfillment of the conditions set out in the S&P, including approval of the Company's shareholders in special general meeting. As of the approval date on the financial statements of the Company, the Proposed Acquisition is under progress and not yet completed.

Details are disclosed in the Company's announcement dated 21 January 2013.

BOARD PRACTICE AND PROCEDURES

The directors consider that the Company has complied with GEM Listing Rules concerning board practices and procedures during the year.

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 year.

CORPORATE GOVERNANCE

The directors consider that the Company has complied with the corporate governance practices and procedures as set out in the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities during the year ended 31 December 2012.

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 audited consolidated results for the year ended 31 December 2012 have been reviewed by the audit committee.

COMPETING INTERESTS

None of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business, which competes or may compete with the business of the Group, or has any other conflict of interests with the Group.

By Order of the Board
Jian ePayment Systems Limited
Li Sui Yang
Chairman

Hong Kong, 22 February 2013

As at the date of this announcement, the board of directors of the Company comprises three executive directors of the Company, namely Mr. Li Sui Yang, Mr. Tan Wen and Mr. Fok Ho Yin Thomas; three non-executive directors of the Company, namely Mr. Fan Bao Shan, Mr. Tang Hao and Mr. Hu Hai Yuan; and three independent non-executive directors of the Company, namely Mr. Qu Xiao Guo, Mr. Zhang Xiao Jing and Ms. Tung Fong.

This announcement, for which the directors of the Company (the "Directors") 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 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 announcement 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 announcement misleading.

This announcement will remain at www.hkgem.com on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its publication and on the Company's designated website at www.jianepayment.com.