



# 2013

*Interim Report*

中期報告



## 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 股份代號 : 8165

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the Directors 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: (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 2013 was approximately RMB1.04 million
- Loss and total comprehensive loss attributable to owners of the Company amounted to approximately RMB8.5 million for the six months ended 30 June 2013
- Loss per share amounted to RMB0.007 for the six months ended 30 June 2013

## 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 2013 with the comparative figures for the corresponding period in 2012.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Note	Six months ended 30 June		Three months ended 30 June	
		2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
<b>Turnover</b>	5	<b>1,044</b>	1,651	<b>682</b>	631
Cost of sales and service rendered		<b>(465)</b>	(707)	<b>(384)</b>	(414)
<b>Gross profit</b>		<b>579</b>	944	<b>298</b>	217
Other income		<b>97</b>	540	<b>88</b>	531
Distribution costs		<b>(238)</b>	(167)	<b>(81)</b>	(76)
Administrative expenses		<b>(8,926)</b>	(16,944)	<b>(5,043)</b>	(11,587)
<b>Loss from operations</b>		<b>(8,488)</b>	(15,627)	<b>(4,738)</b>	(10,915)
Gain on disposal of a subsidiary	6	–	1,382	–	–
<b>Loss before tax</b>		<b>(8,488)</b>	(14,245)	<b>(4,738)</b>	(10,915)
Income tax expense	7	–	–	–	–
<b>Loss and total comprehensive loss for the period</b>	8	<b>(8,488)</b>	(14,245)	<b>(4,738)</b>	(10,915)
<b>Loss and total comprehensive loss for the period attributable to:</b>					
Owners of the Company		<b>(8,488)</b>	(14,102)	<b>(4,738)</b>	(10,915)
Non-controlling interests		–	(143)	–	–
		<b>(8,488)</b>	(14,245)	<b>(4,738)</b>	(10,915)
<b>Loss per share (RMB)</b>					
Basic	10	<b>(0.007)</b>	(0.011)	<b>(0.004)</b>	(0.008)
Diluted	10	<b>N/A</b>	N/A	<b>N/A</b>	N/A

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2013

	Note	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	6,522	6,870
Deposit paid for acquisition of a subsidiary	12	–	20,271
		<b>6,522</b>	<b>27,141</b>
<b>Current assets</b>			
Inventories		228	294
Trade and other receivables	13	801	1,591
Bank and cash balances		10,312	1,070
		<b>11,341</b>	<b>2,955</b>
<b>Current liabilities</b>			
Trade and other payables	14	7,747	9,212
Advance from a substantial shareholder		–	2,000
Due to directors		1,650	1,930
Due to a related company	15	10	10
		<b>9,407</b>	<b>13,152</b>
<b>Net current assets/(liabilities)</b>		<b>1,934</b>	<b>(10,197)</b>
<b>NET ASSETS</b>		<b>8,456</b>	<b>16,944</b>
<b>Capital and reserves</b>			
Share capital	16	61,766	61,766
Reserves		(53,310)	(44,822)
<b>TOTAL EQUITY</b>		<b>8,456</b>	<b>16,944</b>
– Equity attributable to owners of the Company			

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	(Unaudited)									
	Attributable to owners of the Company									
	Share capital RMB'000	Share premium account RMB'000	Capital reserves RMB'000	General reserve fund RMB'000	Enterprise expansion fund RMB'000	Option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2012	61,766	58,308	6,304	2,870	1,435	6,705	(95,763)	41,625	502	42,127
Recognition of share-based payments	-	-	-	-	-	418	-	418	-	418
Disposal of a subsidiary (note 6)	-	-	-	-	-	-	-	-	(359)	(359)
Total comprehensive loss for the period	-	-	-	-	-	-	(14,102)	(14,102)	(143)	(14,245)
Changes in equity for the period	-	-	-	-	-	418	(14,102)	(13,684)	(502)	(14,186)
At 30 June 2012	61,766	58,308	6,304	2,870	1,435	7,123	(109,865)	27,941	-	27,941
At 1 January 2013	61,766	58,308	6,304	2,870	1,435	7,123	(120,862)	16,944	-	16,944
Lapse of share options	-	-	-	-	-	(1,872)	1,872	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(8,488)	(8,488)	-	(8,488)
Changes in equity for the period	-	-	-	-	-	(1,872)	(6,616)	(8,488)	-	(8,488)
At 30 June 2013	61,766	58,308	6,304	2,870	1,435	5,251	(127,478)	8,456	-	8,456

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(9,040)</b>	(15,561)
Purchases of property, plant and equipment	(2)	(13)
Other investment cash flows (net)	<b>20,284</b>	2,977
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>20,282</b>	2,964
<b>REPAYMENT OF ADVANCE FROM A SUBSTANTIAL SHAREHOLDER AND NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2,000)</b>	–
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>9,242</b>	(12,597)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>1,070</b>	17,819
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>10,312</b>	5,222
<b>REPRESENTED BY:</b>		
Bank and cash balances	<b>10,312</b>	5,222

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

## 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 Technology Development District, Zhengzhou, Henan, the People 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 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. 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 2012. 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 2012.



### 3. 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 2013. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (“HKAS”); 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 except as below.

#### a. Amendments to HKAS 1 “Presentation of Financial Statements”

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

## b. HKFRS 13 “Fair Value Measurement”

HKFRS 13 “Fair Value Measurement” establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affects disclosures on fair value measurements in the condensed consolidated financial statements. HKFRS 13 has been applied prospectively.

The carrying amounts of the Group’s financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

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. 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.

## 5. TURNOVER

The Group’s turnover which represents the following:

	Six months ended 30 June		Three months ended 30 June	
	2013 RMB’000 (unaudited)	2012 RMB’000 (unaudited)	2013 RMB’000 (unaudited)	2012 RMB’000 (unaudited)
Sales of hardware, software and smart cards	1,044	1,296	682	614
Rental income from leasing of machinery	–	5	–	–
Repair and maintenance services	–	350	–	17
	<b>1,044</b>	1,651	<b>682</b>	631

## 6. GAIN ON DISPOSAL OF A SUBSIDIARY

On 23 March 2012, Wuhan Jian-O' Yuan Science and Technology Company Limited ("Wuhan Jian-O' Yuan"), a wholly-owned subsidiary of the Company, and the non-controlling interests (the "Purchaser") of Wuhan Tianrunotong Science and Technology Company Limited ("Wuhan Tianrunotong"), a 53.85% owned subsidiary, have entered into a conditional sale and purchase agreement, pursuant to which Wuhan Jian-O' Yuan has agreed to dispose of its entire interest held in Wuhan Tianrunotong to the Purchaser at a cash consideration of RMB1,800,000 (the "Disposal"). During the six months period ended 30 June 2012, the Disposal has been completed following all the precedent conditions to the Disposal were fulfilled.

Details of the Disposal are disclosed in the Company's announcements dated 23 March 2012 and 28 March 2012 respectively.

Net assets at the date of the Disposal were as follows:

	RMB'000 (unaudited)
Property, plant and equipment	378
Trade and other receivables	1,065
Bank and cash balances	1,055
Trade and other payables	(1,721)
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Net assets disposed of	777
Non-controlling interests	(359)
Gain on disposal of a subsidiary	1,382
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Total consideration	1,800
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Represented by:	
Cash consideration ( <i>Note</i> )	1,800
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Net cash outflow arising on the Disposal:	
Cash consideration received	1,000
Cash and cash equivalents disposed of	(1,055)
<hr/>	
	(55)
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*Note:* As of 30 June 2012, cash consideration amounted to RMB800,000 had not been settled by the Purchaser and included in trade and other receivables.

## 7. INCOME TAX EXPENSE

	Six months ended 30 June		Three months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Current tax – PRC				
Provision for the period	–	–	–	–

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 three and six months ended 30 June 2013 and 2012 respectively.

The tax rate applicable to the PRC subsidiaries in the Group were 25% (2012: 25%) during the period. However, no provision for PRC enterprise income tax has been made in the condensed financial statements for the period as the subsidiaries of the Company did not generate any assessable profit for the period.

## 8. LOSS FOR THE PERIOD

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

	Six months ended 30 June		Three months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Depreciation of property, plant and equipment	350	439	175	191
Directors' remuneration	1,341	1,554	670	1,000
Equity-settled consultancy fees	–	418	–	–
Research and development costs	1,583	361	1,229	187
Interest income	(13)	(4)	(7)	(3)
Gain on disposals of property, plant and equipment	–	(529)	–	(529)
Operating lease charges	359	380	183	197
Foreign exchange loss, net	485	389	426	389

## 9. DIVIDENDS

No dividend had been paid or declared by the Company during the period (2012: Nil).

## 10. LOSS PER SHARE

	Six months ended 30 June		Three months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
<b>(a) Basic loss per share</b>				
Loss for the purposes of basis loss per share for the period attributable to owners of the Company	<b>(8,488)</b>	(14,102)	<b>(4,738)</b>	(10,915)
Weighted average number of ordinary shares for the purposes of basis loss per share	<b>1,290,600,000</b>	1,290,600,000	<b>1,290,600,000</b>	1,290,600,000

### (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 and six months ended 30 June 2013 and 2012 respectively.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group acquired property, plant and equipment of approximately RMB2,000 (2012: RMB13,000).

## 12. 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 production and sale of potassium fertilizer for agricultural use and its related products in the PRC.

On 26 April 2011, 30 September 2011, 31 December 2011, 30 April 2012 and 30 September 2012, Jian ePayment China signed 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) 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.

The Deposit is unsecured, interest-free and repayable in the event that the Proposed Acquisition is terminated.

On 6 November 2012, Jian ePayment China and the Vendors entered into a conditional sale and purchase agreement (the "S&P") for the Proposed Acquisition. According to the S&P, Jian ePayment China has agreed to acquire the entire issued capital of the Target Company together with its subsidiaries at a consideration of HK\$1,580,000,000 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 conversion price of HK\$0.1 per conversion share by the Company upon completion of the Proposed Acquisition.

On 27 March 2013, the Company announced that Jian ePayment China, the Vendors and the guarantors to the S&P entered into a deed of termination to the S&P (the "Deed") to terminate the S&P with effect from the date of the Deed due to the fact that amendment over certain terms of the S&P cannot be agreed by both parties. As of 30 June 2013, the Deposit had been refunded by the Vendors to the Group.

Details of the S&P and Deed are set out in the Company's announcements dated 21 January 2013 and 27 March 2013 respectively.

### 13. TRADE AND OTHER RECEIVABLES

	<b>30 June 2013 RMB'000 (unaudited)</b>	31 December 2012 RMB'000 (audited)
Trade receivables	<b>586</b>	954
Prepayments and other deposits	<b>158</b>	213
Other receivables	<b>57</b>	424
	<b>801</b>	1,591

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:

	<b>30 June 2013 RMB'000 (unaudited)</b>	31 December 2012 RMB'000 (audited)
0-30 days	–	828
31-60 days	–	–
61-90 days	–	–
91-120 days	<b>260</b>	–
121-180 days	–	–
181-365 days	<b>200</b>	126
Over 365 days	<b>3,841</b>	3,715
	<b>4,301</b>	4,669
Allowance for impairment losses	<b>(3,715)</b>	(3,715)
	<b>586</b>	954

#### 14. TRADE AND OTHER PAYABLES

	<i>Note</i>	<b>30 June 2013 RMB'000 (unaudited)</b>	31 December 2012 RMB'000 (audited)
Trade payables	<i>(a)</i>	<b>641</b>	643
Other payables	<i>(b)</i>	<b>7,106</b>	8,569
		<b>7,747</b>	9,212

### (a) Trade payables

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

	<b>30 June 2013 RMB'000 (unaudited)</b>	31 December 2012 RMB'000 (audited)
0-30 days	—	—
31-60 days	—	—
61-90 days	—	—
91-180 days	—	—
181-365 days	—	2
Over 365 days	<b>641</b>	641
	<b>641</b>	643

### (b) Other payables

	<b>30 June 2013 RMB'000 (unaudited)</b>	31 December 2012 RMB'000 (audited)
Business tax payable	<b>79</b>	74
VAT payable	<b>13</b>	119
Provision for staff and workers' bonus and welfare fund	<b>817</b>	817
Accruals for operating expenses	<b>4,070</b>	5,557
Salary and welfare payables	<b>81</b>	64
Others	<b>2,046</b>	1,938
	<b>7,106</b>	8,569



## 15. RELATED PARTY BALANCES AND TRANSACTIONS

In addition to the related party balance disclosed elsewhere in the condensed financial statements, the Group had the following transaction with its related party during the period:

	Six months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Sales of smart cards:		
Beijing Huapu Roadside Parking Facilities Construction and Management Co., Ltd.		
<i>(Note)</i>	<b>8</b>	<b>8</b>

*Note:* The related company is significantly influenced by the controlling shareholder of the Company, Mr. Chin Ying Hoi.

The amount due to a related company is unsecured, interest free and repayable on demand.

## 16. SHARE CAPITAL

	Number of shares	Nominal value	
		HK\$'000	RMB'000
Authorised:			
At 31 December 2012 (audited)			
and 30 June 2013 (unaudited)	3,000,000,000	1,500,000	1,264,706
Issued and fully paid:			
At 31 December 2012 (audited)			
and 30 June 2013 (unaudited)	1,290,600,000	64,530	61,766

## 17. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2013 (At 31 December 2012: RMB Nil).

## 18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 5 August 2013.

## INDEPENDENT REVIEW REPORT



### **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 16 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2013 and the related condensed consolidated statement of profit or loss and other 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 to the fact that the condensed consolidated statement of profit or loss and other comprehensive income for each of the three months periods ended 30 June 2013 and 2012, and the relevant explanatory notes disclosed in the interim financial information have not been reviewed 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.

**RSM Nelson Wheeler**

*Certified Public Accountants*

Hong Kong

5 August 2013

## FINANCIAL REVIEW

For the six months ended 30 June 2013 ("period under review"), the Group recorded a turnover of approximately RMB1.04 million (2012: 1.65 million), representing approximately decrease of 37% as compared to the corresponding period in 2012. Loss and total comprehensive loss attributable to owners of the Company of the period was approximately RMB8.5 million (2012: 14.1 million) and was mainly attributable to the decrease of the professional expenses.

## REVIEW OF OPERATION

### **Zhengzhou Jian-O'Yuan ITS Systems Company Limited (鄭州華普奧原電子泊車設備有限公司) ("Jian-O'Yuan")**

During the period under review, turnover for the sales of electronic car-parking hardware and software and systems upgrade services was approximately RMB1.04 million (2012: RMB1.65 million), representing decrease of approximately 37% over the last corresponding period. Following the strong demand of products and services in the second half year of 2012, the Group's sales performance slowed down in the first half year of 2013. Guangzhou, Panyu and Nanning were remained the major markets of the Group's product and services. It is expected that the demand will remain sluggish in the second half year of 2013.

## Business Development

As disclosed in the Company's 2012 annual report, 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 "S&P") on 6 November 2012 for the proposed acquisition of a potassium mine operation in Yunnan, the PRC, (Proposed Acquisition). According to the S&P, the total consideration of the Proposed Acquisition was HK\$1,580,000,000 which will be satisfied by (i) the HK\$25,000,000 deposit paid under the framework agreement dated 26 April 2011; (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.

On 27 March 2013, the Company announced that Jian epayment China, the vendors and the guarantors to the S&P entered into a deed of termination to the S&P (the "Deed") to terminate the S&P with effect from the date of the Deed due to the fact that amendment over certain terms of the S&P cannot be agreed by both parties. As of 30 June 2013, the Deposit had been refunded by the Vendors to the Group. Details of the S&P and Deed are set out in the Company's announcements dated 21 January 2013 and 27 March 2013 respectively.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group currently has cash and cash equivalents of approximately RMB10.3 million.

## **CHARGE ON GROUP'S ASSETS**

The Group did not have any charge on its assets as at 30 June 2013.

## **EXCHANGE RATE EXPOSURE**

Most 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 did not exposed to material foreign exchange risk.

## **INCOME TAX**

Details of the Group's income tax expense for the period ended 30 June 2013 are set out in note 7 to the condensed financial statements.

## **HUMAN RESOURCES**

As at 30 June 2013, the Group had approximately 20 employees (2012: 18 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 2013.

## **SIGNIFICANT INVESTMENTS**

The Group had no significant investment for the period ended 30 June 2013.

## 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)	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

\* The share options lapsed on 31 May 2013.

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

	2013		2012	
	Number of options	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$
Outstanding at the beginning of the period	157,800,000	0.150	157,800,000	0.150
Lapsed during the period	(51,000,000)	0.147	–	–
Outstanding at the end of the period	106,800,000	0.152	157,800,000	0.150
Exercisable at the end of the period	106,800,000	0.152	157,800,000	0.150

Name or category of participant	Number of share options					At 30 June 2013 '000
	At 1 January 2013 '000	Granted during the period '000	Exercised during the period '000	Lapsed during the period '000	Cancelled during the period '000	
<b>Directors</b>						
Li Sui Yang	12,800	–	–	–	–	12,800
Fok Ho Yin Thomas	12,800	–	–	–	–	12,800
Hu Hai Yuan	8,000	–	–	–	–	8,000
Tung Fong	800	–	–	–	–	800
Zhang Xiao Jing	800	–	–	–	–	800
Qu Xiao Guo	800	–	–	–	–	800
<b>Employees other than directors</b>						
In aggregate	8,000	–	–	–	–	8,000
<b>Other participants</b>						
In aggregate	113,800	–	–	(51,000)	–	62,800
	157,800	–	–	(51,000)	–	106,800

## 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 2013.

## 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 2013, 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	Corporate Interests	Total	Approximate percentage to the issued share capital of the Company as at
					30 June 2013
Mr. Li Sui Yang	Beneficiary owner	670,000	–	670,000	0.05%
Mr. Fok Ho Yin Thomas	Beneficiary owner	300,000	–	300,000	0.02%

### (B) *Interests in share options*

Name	Type of interests	Outstanding shares options as at	Approximate percentage of the underlying shares to the share capital of the Company as at
		30 June 2013	30 June 2013
Li Sui Yang	Personal	12,800,000	1.00%
Fok Ho Yin Thomas	Personal	12,800,000	1.00%
Hu Hai Yuan	Personal	8,000,000	0.62%
Tung Fong	Personal	800,000	0.06%
Zhang Xiao Jing	Personal	800,000	0.06%
Qu Xiao Guo	Personal	800,000	0.06%

Save as disclosed above, as at 30 June 2013, 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 2013, 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	15,800,000	9.05%
Union Perfect International Limited (Note 1)	286,800,000	–	22.22%
Link Chance Investment Limited (Note 2)	128,470,000	–	9.95%

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

*Note 2:* Link Chance Investment Limited is a wholly-owned subsidiary of Link Chance Investment (Hong Kong) Limited, which is in turn 100% owned by Searainbow Holding Corporation. Based on the information available, Searainbow Holding Corporation is a company listed on Shenzhen Stock Exchange (Stock Code: 000503).

Save as disclosed above, as at 30 June 2013, 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 2013.

## BOARD PRACTICE AND PROCEDURES

The Company has complied with the GEM Listing Rules concerning board practices and procedures during the six months ended 30 June 2013.

### (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 nine Directors, comprising three executive Directors, three 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 2013 have been reviewed by the audit committee.

## **CORPORATE GOVERNANCE**

The 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") as set out in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 June 2013.

Code provision A.4.1 of the Code provides that non-executive Directors should be appointed for a specific term, subject to re-election. None of the independent non-executive Directors and non-executive Directors has entered into any service contracts with the Company or its subsidiaries. In view of the fact that the independent non-executive Directors are subject to retirement by rotation at least once every three years though they have no set term of office, the Board considers that the quality of good corporate governance will not be impaired.

## **DIRECTORS' SECURITIES TRANSACTION**

The Company has adopted a code of conduct regarding securities transaction by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.68 of the GEM Listing Rules. The Company had also made specific enquiry to all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the period under review. Specific employees who are likely to be possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Code of Conduct. No incident of non-compliance was noted by the Company for the six months ended 30 June 2013.

## APPRECIATION

On behalf of the Board, 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**  
**Li Sui Yang**  
*Chairman*

Hong Kong  
5 August 2013

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



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

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