



# 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



Interim Report

2014

中期報告



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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 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 2014 was approximately RMB0.49 million.
- Loss and total comprehensive income for the period amounted to approximately RMB4.50 million.
- Loss per share amounted to RMB0.003 for the six months ended 30 June 2014.

## RESULTS

The Board of Directors (the “Board”) of Jian ePayment Systems Limited, together with its subsidiaries (the “Group”), is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2014 with the comparative figures for the corresponding period in 2013.

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Note	Six months ended 30 June		Three months ended 30 June	
		2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
<b>Turnover</b>	6	<b>491</b>	1,044	<b>227</b>	682
Cost of sales and service rendered		<b>(265)</b>	(465)	<b>(136)</b>	(384)
<b>Gross profit</b>		<b>226</b>	579	<b>91</b>	298
Other income		<b>13</b>	97	<b>12</b>	88
Distribution costs		<b>(233)</b>	(238)	<b>(127)</b>	(81)
Administrative expenses		<b>(4,505)</b>	(8,926)	<b>(1,673)</b>	(5,043)
<b>Loss before tax</b>		<b>(4,499)</b>	(8,488)	<b>(1,697)</b>	(4,738)
Income tax expense	7	-	-	-	-
<b>Loss and total comprehensive income for the period</b>	8	<b>(4,499)</b>	(8,488)	<b>(1,697)</b>	(4,738)
<b>Loss per share (RMB)</b>					
Basic	10	<b>(0.003)</b>	(0.007)	<b>(0.001)</b>	(0.004)
Diluted	10	<b>N/A</b>	N/A	<b>N/A</b>	N/A

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2014

	<i>Note</i>	<b>30 June 2014 RMB'000 (unaudited)</b>	31 December 2013 RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	5,844	6,108
<b>Current assets</b>			
Inventories		394	15
Trade and other receivables	12	1,182	2,307
Bank and cash balances		5,066	3,713
		<b>6,642</b>	6,035
<b>Current liabilities</b>			
Trade and other payables	13	9,381	10,071
Advance from a substantial shareholder	14	5,000	–
Due to directors	16	1,919	1,387
Due to a related company	16	10	10
		<b>16,310</b>	11,468
<b>Net current liabilities</b>		<b>(9,668)</b>	(5,433)
<b>NET (LIABILITIES)/ASSETS</b>		<b>(3,824)</b>	675
<b>Capital and reserves</b>			
Share capital	15	61,766	61,766
Reserves		(65,590)	(61,091)
<b>(CAPITAL DEFICIENCY)/TOTAL EQUITY</b>		<b>(3,824)</b>	675

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	(Unaudited)							Total equity/ (Capital deficiency) RMB'000
	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	
At 1 January 2013	61,766	58,308	6,304	2,870	1,435	7,123	(120,862)	16,944
Lapse of share options	-	-	-	-	-	(1,872)	1,872	-
Total comprehensive income for the period	-	-	-	-	-	-	(8,488)	(8,488)
Changes in equity for the period	-	-	-	-	-	(1,872)	(6,616)	(8,488)
At 30 June 2013	61,766	58,308	6,304	2,870	1,435	5,251	(127,478)	8,456
At 1 January 2014	<b>61,766</b>	<b>58,308</b>	<b>6,304</b>	<b>2,870</b>	<b>1,435</b>	<b>5,251</b>	<b>(135,259)</b>	<b>675</b>
Total comprehensive income for the period	-	-	-	-	-	-	(4,499)	(4,499)
Changes in equity for the period	-	-	-	-	-	-	(4,499)	(4,499)
At 30 June 2014	<b>61,766</b>	<b>58,308</b>	<b>6,304</b>	<b>2,870</b>	<b>1,435</b>	<b>5,251</b>	<b>(139,758)</b>	<b>(3,824)</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Six months ended 30 June	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(3,636)</b>	(9,040)
Purchases of property, plant and equipment	(12)	(2)
Other investment cash flows (net)	1	20,284
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>	<b>(11)</b>	20,282
<b>ADVANCE FROM/(REPAYMENT TO) A SUBSTANTIAL SHAREHOLDER AND NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>5,000</b>	(2,000)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,353</b>	9,242
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>3,713</b>	1,070
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>5,066</b>	10,312
<b>REPRESENTED BY:</b>		
Bank and cash balances	5,066	10,312



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

### 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 engaged in development and operation of integrated circuit and smart cards, back end electronic receipt/payment and data recording and processing software system; and manufacturing and distribution of the associated commercial applications.

### 2. GOING CONCERN BASIS

The Group incurred a loss attributable to the owners of the Company of RMB4,499,000 for the six months ended 30 June 2014 and as at 30 June 2014 the Group had net current liabilities and net liabilities of RMB9,668,000 and RMB3,824,000 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 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 considering the working capital forecast of the Group for the next twelve months 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 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 financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013. 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 2013.



#### 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 2014. 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.

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 a single type of business that is development and operation of integrated circuit and smart cards, back end electronic receipt/payment and data recording and processing software system; and manufacturing and distribution of the associated commercial applications. Accordingly, no operating segment information is presented.

#### 6. TURNOVER

The Group’s turnover represents the sales of hardware, software and smart cards.

#### 7. INCOME TAX EXPENSE

	Six months ended 30 June		Three months ended 30 June	
	2014	2013	2014	2013
	RMB’000	RMB’000	RMB’000	RMB’000
	(unaudited)	(unaudited)	(unaudited)	(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 since the Group has no assessable profit arising in or derived from those jurisdictions for the three and six months ended 30 June 2014 and 2013 respectively.

The tax rate applicable to the PRC subsidiaries in the Group were 25% (2013: 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 arrived at after charging/(crediting) the following:

	Six months ended 30 June		Three months ended 30 June	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Depreciation of property, plant and equipment	276	350	138	175
Directors' remuneration	1,250	1,341	625	670
Research and development costs	479	1,583	265	1,229
Interest income	(1)	(13)	–	(7)
Operating lease charges	309	359	158	183
Foreign exchange loss, net	124	485	124	426

## 9. DIVIDENDS

No dividend had been paid or declared by the Company during the period (2013: Nil).

## 10. LOSS PER SHARE

	Six months ended 30 June		Three months ended 30 June	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
<b>(a) Basic loss per share</b>				
Loss for the purposes of basis loss per share for the period	<b>(4,499)</b>	(8,488)	<b>(1,697)</b>	(4,738)
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 2014 and 2013 respectively.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired property, plant and equipment of approximately RMB12,000 (2013: RMB2,000).

## 12. TRADE AND OTHER RECEIVABLES

	<b>30 June 2014 RMB'000 (unaudited)</b>	31 December 2013 RMB'000 (audited)
Trade receivables	<b>416</b>	2,144
Prepayments and other deposits	<b>682</b>	150
Other receivables	<b>84</b>	13
	<b>1,182</b>	2,307

The Group's trading terms with customers are mainly on credit. The Group normally allows credit terms to customers ranging 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 aging analysis of trade receivables, based on the invoice date, is as follows:

	<b>30 June 2014 RMB'000 (unaudited)</b>	31 December 2013 RMB'000 (audited)
0-30 days	–	1,456
31-60 days	–	–
61-90 days	–	–
91-180 days	–	488
181-365 days	<b>416</b>	200
Over 365 days	<b>3,841</b>	3,841
	<b>4,257</b>	5,985
Allowance for impairment losses	<b>(3,841)</b>	(3,841)
	<b>416</b>	2,144

### 13. TRADE AND OTHER PAYABLES

	<i>Note</i>	<b>30 June 2014 RMB'000 (unaudited)</b>	31 December 2013 RMB'000 (audited)
Trade payables	(a)	<b>722</b>	1,637
Other payables	(b)	<b>8,659</b>	8,434
		<b>9,381</b>	10,071

#### (a) Trade payables

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

	<b>30 June 2014 RMB'000 (unaudited)</b>	31 December 2013 RMB'000 (audited)
0-60 days	<b>81</b>	941
61-180 days	–	–
181-365 days	–	55
Over 365 days	<b>641</b>	641
	<b>722</b>	1,637

#### (b) Other payables

	<b>30 June 2014 RMB'000 (unaudited)</b>	31 December 2013 RMB'000 (audited)
Business tax payable	<b>135</b>	150
VAT payable	–	102
Provision for staff and workers' bonus and welfare fund	<b>696</b>	691
Accruals for operating expenses	<b>4,205</b>	5,043
Salary and welfare payables	<b>210</b>	447
Others	<b>3,413</b>	2,001
	<b>8,659</b>	8,434

## 14. ADVANCE FROM A SUBSTANTIAL SHAREHOLDER

The amount represents advance from a substantial shareholder of the Company, Mr. Chin Ying Hoi, and is unsecured, non-interest bearing and repayable within one year.

## 15. SHARE CAPITAL

	Number of shares	Nominal value	
		HK\$'000	RMB'000
Issued and fully paid:			
At 31 December 2013 (audited) and 30 June 2014 (unaudited)	1,290,600,000	64,530	61,766

## 16. RELATED PARTY BALANCES AND TRANSACTIONS

In addition to those related party balances 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	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Sales of smart cards:		
Beijing Huapu Roadside Parking Facilities Construction and Management Co., Ltd. (Note)	–	8

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

The amount due to directors and a related company are unsecured, non-interest bearing and repayable on demand.

## 17. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2014 (At 31 December 2013: RMB Nil).

## 18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 12 August 2014.

## 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 12 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2014 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 condensed consolidated statement of comprehensive income for each of the three months ended 30 June 2014 and 2013, 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.
2. We have considered the adequacy of the disclosure made in the note 2 to the condensed financial statements which mentions that the Group incurred a loss attributable to the owners of the Company of RMB4,499,000 for the six months ended 30 June 2014 and as at 30 June 2014 the Group had net current liabilities and net liabilities of RMB9,668,000 and RMB3,824,000 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.

**RSM Nelson Wheeler**  
*Certified Public Accountants*  
Hong Kong  
12 August 2014



## FINANCIAL REVIEW

For the six months ended 30 June 2014, the Group recorded a turnover of approximately RMB0.49 million (2013: RMB1.04 million), representing approximately a decrease of 53% as compared to the corresponding period in 2013. Loss and total comprehensive income for the period was approximately RMB4.50 million (2013: RMB8.49 million) and the reduction of the loss was as a result of the stringent cost control taking place during the period.

## 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 recorded a decrease of approximately 53% as compared to the last corresponding period. The reason of decrease was mainly due to the postponement of deliveries of the products to the customer which led to the sales contract to be recorded in the third quarter. Nanning and Guangzhou remains the major customers and has continuous demand on the Group's products and services.

In May 2014, commissioned by the Nanning city government, the Group secured a contract in co-operation with Nanning car-parking operator with a view to providing electronic hardware and software systems and services to the city's existing car-parking management systems and the airport expressway smart-card operating systems. The contract was in the value of approximately RMB4 million. The participation of the project is an important move for the Group further penetrating into the Nanning car-parking systems and it is believed that this will consolidate on the Group's existing position and maintain a strong competitive edge in future development.





## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the Group had total assets of approximately RMB12.49 million and net current liabilities of approximately RMB9.67 million. The Group's current ratio, being a ratio of current assets to current liabilities, was 41%.

The Group generally finances its operations with internally generated cash flows. As at 30 June 2014, the Group had cash and bank balances of approximately RMB5.07 million. During the period under review, the substantial shareholder had advanced a total of RMB5 million to the Company which is unsecured, non-interest bearing and repayable within one year. The substantial shareholder has expressed intention in continuing to provide all necessary financial support to the Group. The management will endeavour to further enhance the Group's financial strengths so as to tackle the net current liabilities and net liabilities of the Group as at 30 June 2014.

Cost control measures have already been in place to monitor the day-to-day operational and administrative expenses. The management will continue to closely review the Group's financial resources in a cautious manner and explore opportunities in potential financial institutions financing and equity funding. Taking into consideration the Group's current financial resources, the directors believe that the Group shall have adequate fund for its continual operation and development.

## CHARGE ON GROUP'S ASSETS

The Group did not have any charge on its assets as at 30 June 2014.

## EXCHANGE RATE EXPOSURE

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollar 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 2014 are set out in note 7 to the condensed financial statements.



## HUMAN RESOURCES

As at 30 June 2014, the Group had approximately 24 employees (2013: 20 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 the PRC. 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 2014.

## SIGNIFICANT INVESTMENTS


The Group had no significant investment for the period ended 30 June 2014.

## SHARE OPTIONS

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:

<b>Grantee</b>	<b>Date of grant</b>	<b>Vesting period</b>	<b>Exercise period</b>	<b>Exercise price HK\$</b>	<b>No. of share options outstanding</b>
Directors, employees and others	18 May 2009	N/A	18 May 2009 to 17 May 2019	0.155	68,000,000
Directors	1 June 2010 (A)	N/A	1 June 2010 to 31 May 2020	0.147	19,400,000
Directors	1 June 2010 (B)	1 June 2010 to 31 May 2011	1 June 2011 to 31 May 2020	0.147	19,400,000
Others	1 June 2010 (C)	N/A	1 January 2011 to 31 May 2013	0.147	25,500,000*
Others	1 June 2010 (D)	N/A	1 January 2012 to 31 May 2013	0.147	25,500,000*

\* The share options were lapsed on 31 May 2013.

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

	2014		2013	
	Number of options	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$
Outstanding at the beginning of the period	106,800,000	0.152	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	106,800,000	0.152
Exercisable at the end of the period	106,800,000	0.152	106,800,000	0.152

Name or category of participant	Number of share options					At 30 June 2014 '000
	At 1 January 2014 '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	62,800	-	-	-	-	62,800
	106,800	-	-	-	-	106,800



## PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2014.

## 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 2014, 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 2014
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	Approximate
		shares options	percentage of the
		as at	underlying shares
		30 June 2014	to the share capital
			of the Company
			as at
			30 June 2014
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 2014, 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 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 2014, 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 2014, 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.

## 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 period ended 30 June 2014.



## COMPETING INTERESTS

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

## THE CODE OF CORPORATE GOVERNANCE PRACTICES

The Company had complied, throughout the six months ended 30 June 2014, with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 to the GEM Listing Rules.

### (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 2014 have been reviewed by the audit committee.

## 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 2014.





## 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  
12 August 2014

*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**

2104, Saxon Tower, 7 Cheung Shun Street, Lai Chi Kok, Kowloon, Hong Kong

香港九龍荔枝角長順街7號西頓中心2104室

[www.jianepayment.com](http://www.jianepayment.com)