



# 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

**2015**

Third Quarterly Report

第三季度業績報告

## **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 (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 nine months ended 30 September 2015 was approximately RMB2.73 million (2014: RMB0.63 million) which represented an increase of approximately 3.34 times as compared to the corresponding period in 2014
- Loss and total comprehensive income for the period attributable to owners of the Company amounted to approximately RMB7.49 million for the nine months ended 30 September 2015
- Loss per share amounted to RMB0.005 for the nine months ended 30 September 2015

## UNAUDITED CONSOLIDATED 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 nine months ended 30 September 2015 with the comparative figures for the corresponding period in 2014.

	Note	For the nine months ended 30 September		For the three months ended 30 September	
		2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
<b>Turnover</b>	4	<b>2,727</b>	628	<b>1,818</b>	137
Cost of sales and services rendered		<b>(2,059)</b>	(333)	<b>(1,424)</b>	(68)
<b>Gross profit</b>		<b>668</b>	295	<b>394</b>	69
Other income		<b>38</b>	18	<b>6</b>	5
Distribution costs	5	<b>(340)</b>	(325)	<b>(86)</b>	(92)
Administrative expenses		<b>(7,851)</b>	(6,632)	<b>(2,610)</b>	(2,124)
Loss before tax		<b>(7,485)</b>	(6,644)	<b>(2,296)</b>	(2,142)
Income tax expense		-	-	-	-
<b>Loss and total comprehensive income for the period attributable to owners of the Company</b>		<b>(7,485)</b>	(6,644)	<b>(2,296)</b>	(2,142)
<b>Loss per share (RMB)</b>					
— Basic and diluted	7	<b>0.0038</b>	0.0045	<b>0.0011</b>	0.0014

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

## 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 GEM of the Stock Exchange.

The Company is an investment holding company. The Group is principally 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 in the PRC.

## 2. 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 2015. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's condensed financial statements and amounts reported for the current period and prior years.

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

## 3. SEGMENT INFORMATION

The Group engaged in the single type business of 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.

#### 4. TURNOVER

	Nine months ended 30 September		Three months ended 30 September	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Sales of hardware, software and smart cards	2,671	568	1,818	137
Repair and maintenance services	56	60	–	–
	<b>2,727</b>	628	<b>1,818</b>	137

#### 5. INCOME TAX EXPENSE

	Nine months ended 30 September		Three months ended 30 September	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2014 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 profits arising in or derived from those jurisdictions for the three months ended and nine months ended 30 September 2015 and 2014.

The tax rate applicable to the PRC subsidiaries in the Group were 25% (2014: 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.

#### 6. DIVIDENDS

No dividend had been paid or declared by the Company during the period (2014: Nil).

## 7. LOSS PER SHARE

### (a) Basic loss per share

	Nine months ended 30 September		Three months ended 30 September	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
<b>Earnings</b>				
Loss for the purpose of calculating the basis loss per share	<b>7,485</b>	6,644	<b>2,296</b>	2,142
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of calculating basis loss per share	<b>1,935,900,000</b>	1,470,539,000	<b>1,935,900,000</b>	1,470,539,000

For the nine months and three months ended 30 September 2014, the weighted average number of ordinary shares for the purpose of calculating the basis loss per share has been adjusted to reflect the effect of the open offer of shares of the Company in October 2014.

## 8. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

	(Unaudited)							Total equity/ (Capital deficiency) RMB'000
	Share capital	Share premium account	Capital reserves	General reserve fund	Enterprise expansion fund	Option reserve	Accumulated losses	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2014	61,766	58,308	6,304	2,870	1,435	5,251	(135,259)	675
Total comprehensive income for the period	-	-	-	-	-	-	(6,644)	(6,644)
Changes in equity for the period	-	-	-	-	-	-	(6,644)	(6,644)
At 30 September 2014	61,766	58,308	6,304	2,870	1,435	5,251	(141,903)	(5,969)
At 1 January 2015	<b>86,973</b>	<b>57,073</b>	<b>6,304</b>	<b>2,870</b>	<b>1,435</b>	<b>5,251</b>	<b>(145,266)</b>	<b>14,640</b>
Total comprehensive income for the period	-	-	-	-	-	-	(7,485)	(7,485)
Changes in equity for the period	-	-	-	-	-	-	(7,485)	(7,485)
At 30 September 2015	<b>86,973</b>	<b>57,073</b>	<b>6,304</b>	<b>2,870</b>	<b>1,435</b>	<b>5,251</b>	<b>(152,751)</b>	<b>7,155</b>



## REVIEW OF OPERATION

### Zhengzhou Jian-O'Yuan ITS Systems Company Limited (鄭州華普奧原科技有限公司) ("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 RMB2.73 million (2014: RMB0.63 million), representing an increase of approximately 334% over the last corresponding period. The reason of increase was mainly due to the demand of the products from Nanning. Nanning market remains the major customer and has continuous demand on the Group's products and services. Loss and total comprehensive income for the period attributable to owners of the Company amounted to approximately RMB7.49 million (2014: RMB6.64 million), representing a slight increase of 12% as compared to the corresponding period in 2014. The Group continued to exercise prudent cost control measures by implementing tight expenses measures in its operations.

## SHARE OPTIONS

On 13 March 2008, the share option scheme adopted by the Company on 19 November 2001 (the "Old Scheme") was terminated and a new share option scheme (the "New Scheme") was adopted by the shareholders of the Company. As a result, the Company can no longer grant any further options under the Old Scheme. On 30 May 2007 and 15 August 2007, all the outstanding options granted under the Old Scheme were lapsed and cancelled automatically according to the Old Scheme.

Pursuant to the New Scheme, the Company may grant options to the participants of the New Scheme to subscribe for shares of the Company. The participants include any employees (whether full-time or part-time and including directors) and certain consultants, suppliers or customers of the Group who, in the sole discretion of the Board or a duly authorised committee thereof, have contributed to the Group. Unless otherwise terminated or amended, the New Scheme will remain valid and effective for a period of 10 years commencing on 13 March 2008.

The overall limit on the number of shares which may be issued upon exercise of all options to be granted and yet to be exercised under the New Scheme and other share option schemes must not, in aggregate, exceed 30% of the shares in issue from time to time.



The total number of shares issued and to be issued upon exercise of all options granted and to be granted to each participant or grantee (as the case may be) including both exercised and outstanding options in any 12-month period up to the date of grant must not exceed 1% of the shares in issue at the date of grant.

Any option granted under the New Scheme may be exercised at any time during a period which shall not be more than ten years after the date on which the option is granted, but the board of directors of the Company may impose restrictions on the exercise of options including a minimum period for which all or part of an option may be exercised and/or a minimum period of which all or part of an option shall be held before it can be exercised.

The subscription price will be determined by the Board and will not be less than the highest of the closing price of the shares quoted on the GEM on the date on which the option is granted, the average closing price of the shares quoted on the GEM for the five business days immediately preceding the date on which the option is granted, and the nominal value of the shares on grant date.

As a result of the completion of the Open Offer and pursuant to (i) the New Scheme; and (ii) the supplementary guidance issued by Stock Exchange on 5 September 2005 regarding adjustment of share options under Rule 23.03(13) of the GEM Listing Rules, the exercise price of the outstanding share options granted by the Company (the "Share Options") and the total number of shares of the Company comprised in the outstanding Share Options which may be allotted and issued upon exercise of all such Share Options thereunder were adjusted.

Details of specific categories of options are as follows:

Grantee	Date of grant	Vesting period	Exercise period	Adjusted Exercise price HK\$	No. of share options outstanding
Directors, employees and others	18 May 2009	N/A	18 May 2009 to 17 May 2019	0.136	77,480,769
Directors	1 June 2010 (A)	N/A	1 June 2010 to 31 May 2020	0.129	22,104,808
Directors	1 June 2010 (B)	1 June 2010 to 31 May 2011	1 June 2011 to 31 May 2020	0.129	22,104,808

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

	2015		2014	
	Number of options	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$
Outstanding at the beginning of the period	<b>121,690,385</b>	<b>0.133</b>	106,800,000	0.152
Lapsed during the period	–	–	–	–
Outstanding at the end of the period	<b>121,690,385</b>	<b>0.133</b>	106,800,000	0.152
Exercisable at the end of the period	<b>121,690,385</b>	<b>0.133</b>	106,800,000	0.152

Name or category of participant	Number of share options				At 30 September 2015 '000
	At 1 January 2015 '000	Granted during the period '000	Exercised during the period '000	Lapsed during the period '000	
<b>Directors</b>					
Li Sui Yang	14,585	-	-	-	14,585
Fok Ho Yin Thomas	14,585	-	-	-	14,585
Hu Hai Yuan	9,115	-	-	-	9,115
Tung Fong	912	-	-	-	912
Zhang Xiao Jing	912	-	-	-	912
Qu Xiao Guo	912	-	-	-	912
<b>Employees other than directors</b>					
In aggregate	9,115	-	-	-	9,115
<b>Other participants</b>					
In aggregate	71,554	-	-	-	71,554
	121,690	-	-	-	121,690

## 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 nine months ended 30 September 2015.

## 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 September 2015, 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 share options

Name	Type of interests	Outstanding shares option as at 30 September 2015	Approximate percentage of the underlying shares to the share capital of the Company as at 30 September 2015
Li Sui Yang	Personal	14,584,616	0.75%
Fok Ho Yin Thomas	Personal	14,584,616	0.75%
Hu Hai Yuan	Personal	9,115,385	0.47%
Tung Fong	Personal	911,538	0.05%
Zhang Xiao Jing	Personal	911,538	0.05%
Qu Xiao Guo	Personal	911,538	0.05%

Save as disclosed above, as at 30 September 2015, 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 September 2015, 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	Capacity	Number of Shares	Number of Share options	Percentage of issued share capital of the Company
Union Perfect International Limited (Note 1)	Beneficiary owner	286,800,000		14.81%
World Radiance Limited (Note 2)	Beneficiary owner	294,900,000		15.23%
Mr. Chin Ying Hoi			18,002,885	0.93%
Link Chance Investment Limited (Note 3)	Beneficiary owner	128,470,000		6.64%

*Notes:*

1. Union Perfect International Limited is 100% beneficially owned by Mr. Chin Ying Hoi.
2. World Radiance Limited is owned as to 100% by Chang Yao Investments Limited, which is in turn 100% beneficially owned by Mr. Chin Ying Hoi. Mr. Wang Jiang Wei, the non-executive director of the Company, is the sole director of Chang Yao Investments Limited and World Radiance Limited.
3. 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 September 2015, 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 September 2015.

## **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 nine months ended 30 September 2015, 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 nine months ended 30 September 2015 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 nine months ended 30 September 2015.



## 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  
2 November 2015

*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. Wang Jiang Wei, 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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