

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
Annual Report
年報



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

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The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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This report, for which the directors (the “Directors”) of Jian ePayment Systems Limited (the “Company”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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.

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Li Sui Yang (*Chairman*)
Mr. Tan Wen (*Chief Executive Officer*)
Mr. Fok Ho Yin Thomas (*Chief Financial Officer*)

NON-EXECUTIVE DIRECTORS

Mr. Hu Hai Yuan
Mr. Tang Hao
Mr. Wang Jiang Wei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qu Xiao Guo
Mr. Zhang Xiao Jing
Ms. Tung Fong

AUDIT COMMITTEE

Mr. Qu Xiao Guo (*Chairman*)
Mr. Zhang Xiao Jing
Ms. Tung Fong

REMUNERATION COMMITTEE

Mr. Qu Xiao Guo (*Chairman*)
Mr. Zhang Xiao Jing
Ms. Tung Fong

NOMINATION COMMITTEE

Mr. Li Sui Yang (*Chairman*)
Mr. Qu Xiao Guo
Mr. Zhang Xiao Jing
Ms. Tung Fong

COMPLIANCE OFFICER

Mr. Li Sui Yang

COMPANY SECRETARY

Mr. Fok Ho Yin Thomas

AUTHORISED REPRESENTATIVES

Mr. Tan Wen
Mr. Fok Ho Yin Thomas

AUDITOR

RSM Hong Kong, Certified Public Accountants
29th Floor, Caroline Centre
Lee Gardens Two, 28 Yun Ping Road, Hong Kong

REGISTERED OFFICE

Century Yard, Cricket Square
Hutchins Drive, P.O. Box 2681 GT
George Town, Grand Cayman, British West Indies

PRINCIPAL PLACE OF BUSINESS

84 Jing Bei Yi Lu
Economic and Technological Development District
Zhengzhou, Henan, PRC

HONG KONG OFFICE

3301, 33/F., West Tower, Shun Tak Centre
168-200 Connaught Road Central, Sheung Wan
Hong Kong

PRINCIPAL BANKER

Bank of China

PRINCIPAL REGISTRARS

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH REGISTRARS

Hong Kong Registrars Limited
Room 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong

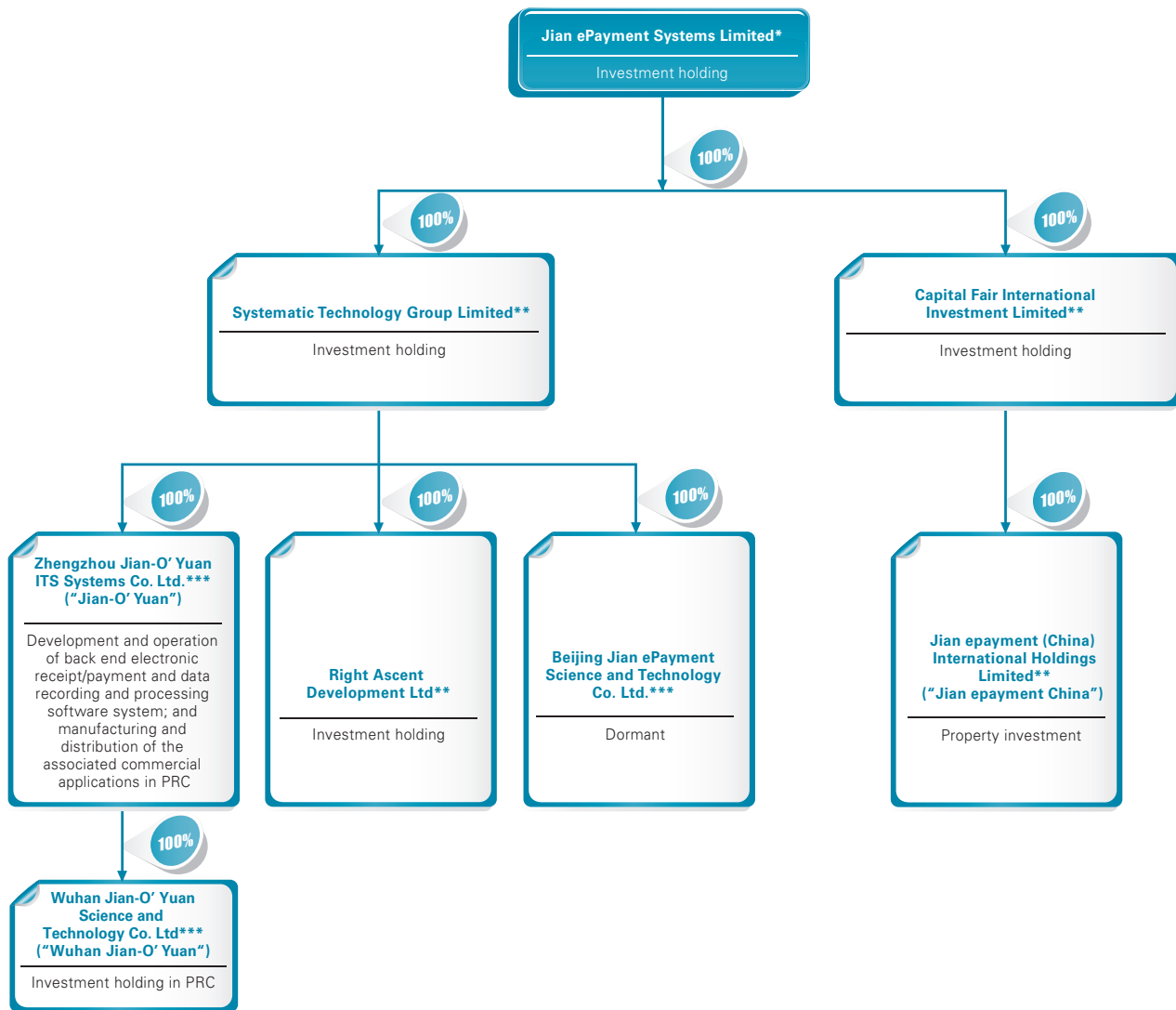
STOCK CODE

8165

COMPANY WEBSITE

www.jianepayment.com

Corporate Structure



* incorporated in Cayman Islands
 ** incorporated in British Virgin Islands
 *** established in the PRC

Chairman's Statement

The board of directors (the "Board") of Jian ePayment Systems Limited (the "Company"), together with its subsidiaries (the "Group"), is pleased to announce the audited results of the Group for the year ended 31 December 2015.

BUSINESS REVIEW AND OUTLOOK

During the year under review, the Group continued operating the car-parking electronic payment system. The operating environment for the year under review was complicated due to slowing global economy, RMB depreciation and volatile PRC A-shares stock market. There were raising concerns that the sluggish PRC economy will prolong for a period of time and the market demand for the Group's products becoming more fluctuating due to unstable and uncertain economic environment. In addition, the fluctuation of crude prices and the US started its interest rates hike commencing in December 2015 further led to unforeseeable challenges in the forthcoming year.

Looking ahead, it is expected that the financial performance of the Group will be affected given the uncertainty ahead in the electronic payment system business. The Group has such intended to diversify its existing business by acquiring a company engaging principally in the production and sale of electrical charging facilities and management system for charging network and providing tailor-made solutions for companies whose business is related to new energy vehicles. Going forward, we will continue to closely monitor the development of the existing business and optimize the resources to cope with the challenging environment. Considering the recent economic condition, the management will prudently look for any suitable business opportunities in future to broaden the sources of our revenues and cash inflows, taking into account the funding requirement and associated business risk.

APPRECIATION

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

Li Sui Yang

Chairman

Hong Kong

21 March 2016

Management Discussion and Analysis

FINANCIAL REVIEW

During the year under review, the Group recorded a turnover of approximately RMB3.70 million (2014: RMB4.49 million), representing a decrease of 18% over the last year. The amount represents turnover from sales of car parking hardware, software and related accessories by Zhengzhou Jian O'Yuan. Nanning and Shanghai parking management companies were the Group's major customers contributing over 90% of the Group's revenue. Loss attributable to owners of the Company amounted to approximately RMB11.5 million (2014: RMB10.0 million) representing an increase of 15% over the last year and was mainly due to the slight increase in research and development costs and administrative expenses such as employee benefits expense. The Group will continue to exercise product cost control measures by implementing tight expenses measures in operation.

OPEN OFFER AND USE OF PROCEEDS

The Company announced on 12 September 2014 of a proposed open offer on the basis of one offer share for every two existing shares at HK\$0.05 per offer share. A total of 645,300,000 offer shares were allotted and issued upon completion of the open offer on 29 October 2014. Gross proceeds from the open offer was HK\$32,265,000 and net proceeds (after deduction relevant expense) was approximately HK\$30,684,000. Details of the open offer were set out in the Company's announcement and prospectus dated 12 September 2014 and 7 October 2014 respectively. As at 31 December 2015, the Group had cash and bank balances of approximately RMB13.3 million. Details of the utilization of the net proceeds in comparison to that envisaged in the prospectus were as follows:

	Proposed use of the net proceeds as stated in the prospectus	Actual use of the net proceeds up to 31 December 2015
	RMB' million	RMB' million
Repayment of shareholder's loan, amounts due to directors and other payables	8.6	8.6
General working capital	15.4	12.2
Total	24.0	20.8

Management Discussion and Analysis

PROPOSED PLACING OF NEW SHARES

On 9 March 2016, the Company and the placing agent entered into a placing agreement pursuant to which the placing agent agreed to place, on a best effort basis, an aggregate of 110,000,000 new shares at the placing price of HK\$0.111 per placing share to not less than six placees who and whose ultimate beneficial owners are independent third parties. The placing shares are to be issued under the general mandate granted to the Directors at the AGM held on 13 April 2015. The 110,000,000 placing shares represent approximately 5.68% of the existing issued share capital of the Company and approximately 5.38% of the enlarged issued share capital of the Company. Based on the estimated expenses for the placing, the net price is approximately HK\$0.108 per placing share. Assuming all the placing shares were allotted and issued, the gross proceeds of the placing will amount to approximately HK\$12.21 million (equivalent to approximately RMB10.18 million) and the net proceeds receivable by the Company are estimated to be approximately HK\$11.91 million (equivalent to approximately RMB9.93 million). The Company intends to apply HK\$7 million to HK\$8 million of the net proceeds from the placing for the business development of Wuhan Zhanchi (as further explained in the following sections) and apply the remaining net proceeds as general working capital of the Group. If the Wuhan Zhanchi acquisition does not proceed to completion, all the net proceeds from the placing will be applied as general working capital of the Group. Completion of the Placing is subject to the fulfillment of the conditions precedent under the placing agreement. Details are set out in the Company's announcement dated 9 March 2016.

REVIEW OF OPERATION

Details of software and parking equipment sold for 2015 were as follows:

Market	Parking and software equipment	Accumulated parking cards issued
Shanghai	350	–
Guangzhou	–	760,000
Panyu	–	305,000
Nanning	850	424,000
Haikou	–	120,000
Wuhan	–	330,000

BUSINESS OUTLOOK

On 4 March 2016, Right Ascent Development Limited ("Right Ascent"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement, pursuant to which the Right Ascent has conditionally agreed to purchase Top System Holdings Limited ("Top System"), a company incorporated with limited liability in Hong Kong at the consideration of RMB5,000,000 (equivalent to HK\$6,000,000). The consideration for the acquisition shall be satisfied in full by the issue of 54,545,455 new shares to the Vendor or his nominee upon completion at the price of HK\$0.11 per share.

Wuhan Zhanchi New Energy Technology Company Limited ("Wuhan Zhanchi")* (武漢站赤新能源科技有限公司), a company incorporated with limited liability in the PRC, is a wholly-owned subsidiary of Top System. The consideration of the acquisition was determined after arm's length negotiations between the Group and the vendor with reference to (i) the total assets of Wuhan Zhanchi of approximately RMB3,000,000 (equivalent to HK\$3,600,000) as at 29 February 2016 which is based on the unaudited financial statements of Wuhan Zhanchi; and (ii) the contracts to be signed between Wuhan Zhanchi and its customers.

Management Discussion and Analysis

Wuhan Zhanchi is a technology service company, which is principally engaged in the research and development, production and sale of electrical charging facilities and management system for charging network and providing tailor-made solutions for companies whose business is related to new energy vehicles. Those solutions include undertaking the planning, design, construction and installation of electrical charging facilities for new energy vehicles and provision of related engineering services, operating services and other value-added services. Customers of Wuhan Zhanchi mainly include (1) parking management companies for hotels, office buildings, tourist centers, industrial parks and so on; (2) manufacturers of new energy electric vehicles and any transportation enterprises who use new energy electric vehicles for their business; and (3) new energy vehicle electricity charging facilities provider. The manufacture of new energy vehicles and the construction of electrical charging facilities have entered into a rapid growth stage in the PRC. Wuhan Zhanchi, whose core strength is the technological capabilities and sales network in the electrical charging facilities for new energy vehicles, will synergize the Group's business on intelligent parking software and hardware. The Board believes that the Acquisition will enable the Group to broaden its income source and strengthen its asset base and also help the Group to tap the market of new energy vehicles electrical charging facilities in the PRC.

Looking forward, the Group will continue to focus on the development of its core business in the car-parking electronic payment system and will continue to enhance its research and development activities to improve its operational and managerial capabilities, as well as the functionality and reliability of its products to meet with the strong market competition. The Company will also grasp every opportunity that will promote the Group's corporate profile and to gain access to the capital markets to increase its financial flexibility. The Group will also continue to explore and evaluate other potential investment opportunities which could bring long-term benefits to the Group and its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group had total assets of approximately RMB19.1 million and net current assets of approximately RMB8.2 million. The Group's current ratio, being a ratio of current assets to current liabilities, was 2.36.

The Group generally finances its operations with internally generated cash flows. As at 31 December 2015, the Group had cash and bank balances of approximately RMB13.3 million. The substantial shareholder of the Company has expressed intention to provide all necessary financial support to the Group. As at 31 December 2015, there was a loan of unsecured nature in the amount of RMB10,000,000 provided by the substantial shareholder to the Company on an interest free basis.

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 31 December 2015.

Management Discussion and Analysis

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 year, the Group is of the opinion that its exposure to foreign exchange rate risk is limited. The Group will continue to monitor its foreign currency exposure closely.

INCOME TAX

Details of the Group's income tax expense for the year ended 31 December 2015 are set out in note 9 to the consolidated financial statements.

HUMAN RESOURCES

As at 31 December 2015, the Group had approximately 24 employees (2014: 24 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 31 December 2015.

SIGNIFICANT INVESTMENTS

The Group had no significant investment for the year ended 31 December 2015.

RELIANCE ON A FEW KEY CUSTOMERS

The Group's ability to maintain close relationships with its customers is important to its ongoing growth and profitability. Although the Group's revenue from specific customers vary from period to period, a significant portion of the Group's total revenue was derived from a few major customers for the year ended 31 December 2015 and the corresponding period in last year. The five (2014: four) largest customers accounted for approximately 100% (2014: 98%) of the Group's revenue while the largest customer accounted for approximately 76% (2014: 80%) of the Group's revenue for the year ended 31 December 2015. As the Group does not enter into long term or master sales contracts with its major customers, there is no assurance that they will continue to purchase products from the Group at the same level as they have done in the past.

ENVIRONMENTAL PERFORMANCE

The Group has minimised the operation impact on the environment and natural resource. To build a greener future, the Company is committed to implementing policies and measures to foster reduction of the Group's environmental impact. During 2015, the Group has collected recycled papers and used it as key printing materials. Energy saving and power monitoring systems are in place for various business units to monitor our environmental performance. The Company also strives to follow energy saving practices in office premises where applicable.

Management Discussion and Analysis

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to complying with the requirements of the Personal Data (Privacy) Ordinance, and ordinance relating to disability, sex, family status and race discrimination, as well as the Employment Ordinance, the Minimum Wage Ordinance and ordinances relating to occupational safety of employees of the Group, so as to safeguard the interests and well-being of its employees. The Group is also committed to safeguarding the security of personal data. When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance and guidelines issued by the Office of the Privacy Commissioner for Personal Data, with a view to protecting the privacy of its employees and customers, etc. The Group has also complied with the Stamp Duty Ordinance, Rating Ordinance and Inland Revenue Ordinance in respect of renting of premises during the year ended 31 December 2015. During the year ended 31 December 2015, the Group was not aware of any non-compliance with any relevant laws and regulations that has a significant impact on it.

Directors and Senior Management Profiles

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive directors

Mr. Li Sui Yang, aged 58, is an executive director, the Chairman and the compliance officer of the Group. Mr. Li is also the general manager of Zhengzhou Jian-O' Yuan. Mr. Li joined the Group in October 1996 and is responsible for the Group's strategic planning and development. Mr. Li was formerly an independent non-executive director of Pacific Plywood Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited ("Stock Exchange"). Mr. Li Holds a master's degree of economic administration from North-west China University, he had vast experience in retail, real estate and electronics industry in the PRC.

Mr. Tan Wen, aged 35, is an executive director and the CEO of the Group. Mr. Tan joined the Group on 1 January 2012 and is responsible for the Group's overall operation. Mr. Tan holds a bachelor of economics degree from University of International Business and Economics and a bachelor of art degree from Beijing Institute of Technology. Prior to that, Mr. Tan was the assistant to Mr. Chin Ying Hoi, the former Chairman of the Group, responsible to advising the acquisition of mineral-related projects and business restructuring. Mr. Tan had over 5 years' experiences as a senior auditor with a major international accounting firm and has extensive experience in conducting due diligence, capital verification, internal control audit, and pre-IPO auditing works.

Mr. Fok Ho Yin Thomas, aged 44, is an executive director, the CFO and the company secretary of the Group. Mr. Fok joined the Group in September 2007 and is responsible for the Group's corporate finance activities, including merger and acquisitions, capital market activities, banking and investors' relationship. Mr. Fok also oversees the Group's finance and corporate secretarial function. Currently, he is also an independent non-executive director of Rising Development Holdings Limited and Landing International Development Limited respectively, which shares are listed on the Main Board of the Stock Exchange. Mr. Fok was previously the managing director of Chief Finance Limited which is 52% owned by two public companies listed on the Main Board of the Stock Exchange. Prior to that, Mr. Fok also served as the managing director of another finance company which is wholly-owned by a public company listed on the Main Board of the Stock Exchange. Mr. Fok had worked in the Listing Division of the Stock Exchange and has over 17 years of experience in the field of corporate finance specializing in equity financing and financial restructuring. Mr. Fok is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Fok is also a Chartered Financial Analyst.

Non-executive directors

Mr. Tang Hao, aged 51, is a non-executive director of the Group. Mr. Tang was graduated from the department of laws of East China University of Political Science (華東政法大學), majored in economic laws, in 1986 and obtained the legal qualification in the PRC in 1988. Mr. Tang has extensive experience in strategic planning. He has been working as a lawyer in Shanghai No. 1 Law Firm (上海第一律師事務所), the manager of investment department in Huachen Auto Group (華晨集團), the general manager of Shanghai Huachen Shiye Company (上海華晨實業公司), the supervisor of Jinbei Vehicle Manufacturing Co., Ltd (金杯汽車股份有限公司), the director of Shenzhen Kangda Co., Ltd (深圳康達爾股份有限公司) and the director of Shanghai Zhongxi Pharmaceutical Co., Ltd (上海中西藥業股份有限公司).

Directors and Senior Management Profiles

Mr. Wang Jiang Wei, aged 38, is a non-executive director of the Group. Mr. Wang holds a bachelor's degree in Economics from Tsinghua University and holds an executive master's degree in business administration from Peking University HSBC Business School. He is a member of the Certified General Accountants Association of Canada (CGA-Canada). Mr. Wang has over ten years of extensive experience in capital investment and enterprise management and currently serves as a director of Shenzhen Co-Power Venture Capital Company Limited (深圳市同威創業投資有限公司). Mr. Wang is the sole director of Chang Yao Investments Limited (昌耀投資有限公司) and World Radiance Limited (世輝有限公司). World Radiance Limited, a company which holds 294,900,000 shares of the Company (the "Shares"), representing 15.23% of the issued share capital of the Company, is owned as to 100% by Chang Yao Investments Limited, which in turn is 100% beneficially owned by Mr. Chin Ying Hoi. Mr. Chin Ying Hoi owns the entire issued share capital of Union Perfect International Limited, a company which holds 286,800,000 Shares, representing 14.81% of the issued share capital of the Company.

Mr. Hu Hai Yuan, aged 44, is a non-executive director of the Group. Mr. Hu holds a Master degree in business administration from Renmin University of China and a Bachelor degree in Mechanic Engineering from Dalian University of Technology. Mr. Hu previously served as an Engineer of Anshan Steel Group Limited in China and has over 10 years of experience in the field of corporate finance.

Independent non-executive directors

Mr. Qu Xiao Guo, aged 45, holds a master's degree in business administration from The Tsinghua University. He is the general manager of Beijing Long An Xin Finance Consulting Company Limited. He was appointed as independent non-executive director on 28 September 2004.

Mr. Zhang Xiao Jing, aged 60, holds a bachelor's degree of engineering from Beijing Science and Technology University and has over 30 years of experience in engineering and management. Mr. Zhang is the independent non-executive director of CNT Group Limited, the shares of which are listed on the Main Board of Stock Exchange. He was appointed as independent non-executive director on 26 October 2001.

Ms. Tung Fong, aged 69, holds a bachelor's degree of international trade from Beijing Foreign Trade Institute. She is the chairman of Grand Rise Investment Ltd. She was appointed as independent non-executive director on 26 October 2001.

SENIOR MANAGEMENT

Mr. Ren Ren, aged 53, is the chief engineer of Zhengzhou Jian-O' Yuan. Mr. Ren joined the Group in September 2004 and is responsible for research and development work. He holds a engineering master's degree from Jilin University. Previously he was a Technical Director of Guangzhou Tecsun Science & Technology and Guangzhou Shentong Digital Corporation. He was a research engineer in Dongguan Qisheng Technology Limited. He has more than a decade experience in electronic engineering industry in China.

Mr. Li Xiao Dong, aged 46, is the chief technical officer of Zhengzhou Jian-O' Yuan. Mr. Li joined the Group in February 2001 and is responsible for research and development of software and system integration projects. Mr. Li holds a bachelor degree in electronic engineering from Zhengzhou University. Before joining the Group, Mr. Li has held the position of engineer in Henan Star Hi-Tech Company (河南思達高科公司) and has over 20 years of experience in engineering technique, software development and system integration.

Report of the Directors

The directors submit their annual report together with the audited financial statements of Jian ePayment Systems Limited for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The Company is an investment holding company and its subsidiaries are engaged in the development and operation of back end electronic receipt/payment and data recording and processing software system; and manufacturing and distribution of the associated commercial applications in PRC.

An analysis of the Group's turnover by product category for the year ended 31 December 2015 is as follows:

	2015 RMB'000	2014 RMB'000
Sales of hardware, software and smart cards	3,596	4,330
Repair and maintenance services	107	162
Total	3,703	4,492

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 35.

The Board do not recommend the payment of any dividend.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in page 37 and Note 22 to the consolidated financial statements.

FIXED ASSETS

Details of the movements in property, plant and equipment of the Group are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 22 to the consolidated financial statements.

Report of the Directors

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company has no reserve (2014: Nil) available for distribution to its shareholders.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there was no restriction against such rights under the laws of the Cayman Islands.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 76.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company and its subsidiaries has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

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.

Report of the Directors

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

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

Details of specific categories of options are as follows:

Grantee	Date of grant	Vesting period	Exercise period	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

Report of the Directors

Details of the share options outstanding during the year 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 year	121,690,385	0.133	106,800,000	0.152
Adjustment for Open Offer	–	–	14,890,385	0.133
Outstanding at the end of the year	121,690,385	0.133	121,690,385	0.133
Exercisable at the end of the year	121,690,385	0.133	121,690,385	0.133

Name or category of participant	Number of share options				
	At 1 January 2015 '000	Granted during the year '000	Exercised during the year '000	Lapsed during the year '000	At 31 December 2015 '000
Directors					
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
Employees other than directors					
In aggregate	9,115	–	–	–	9,115
Other participants					
In aggregate	71,554	–	–	–	71,554
	121,690	–	–	–	121,690

Report of the Directors

DIRECTORS

The directors during the year and up to the date of this Annual Report were:

Executive directors:

Mr. Li Sui Yang
Mr. Tan Wen
Mr. Fok Ho Yin Thomas

Non-executive directors:

Mr. Tang Hao
Mr. Hu Hai Yuan
Mr. Wang Jiang Wei

Independent non-executive directors:

Mr. Qu Xiao Guo
Mr. Zhang Xiao Jing
Ms. Tung Fong

In accordance with the Company's Articles of Association, one third of directors will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS IN CONTRACTS

Save for the related party transactions set out in Note 27 to the consolidated financial statements, no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a director, substantial shareholder or management staff of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out on pages 11 to 12.

BUSINESS REVIEW

Details of environmental performance of the Company is set out under "Management Discussion and Analysis" of this annual report.

The Group understands the success of the Group's business depends on the support from its key stakeholders, including employees, customers, suppliers, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 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:

(a) *Interests in share options*

Name	Type of interests	Outstanding shares option as at 31 December 2015	Approximate percentage of the underlying shares to the share capital of the Company as at 31 December 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 31 December 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 year was the Company or its subsidiaries a party to any arrangements to enable any of the Company's directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 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 31 December 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.

Report of the Directors

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases — Raw Materials	
— The largest supplier	47%
— Five largest suppliers combined	90%
Purchases — Construction of Parking Facilities	
— The largest supplier	100%
Sales	
— The largest customer	76%
— Five largest customers combined	100%

As at 31 December 2015, the substantial shareholder of the Company had interests in the following customer of the Group:

Substantial shareholder	Name of customer	Interests held
Mr. Chin Ying Hoi	Shanghai Bai Yu Lan Intelligent Transportation System Management Co., Ltd.	40%

Other than those disclosed above, none of the directors, their associates, or any shareholders, which to the knowledge of the director owns more than 5% of the Company's share capital, had an interest in the Group's major customers and suppliers.

CONNECTED TRANSACTIONS

The significant related party transactions entered by the Group during the year ended 31 December 2015, which constitute connected transactions under the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"), are disclosed in Note 27 to the consolidated financial statements.

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the directors, the directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company confirmed that annual confirmations of independence were received from each of the Company's independent non-executive directors pursuant to Rule 5.09 of the GEM Listing Rules and all independent non-executive directors are considered to be independent.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE

The text of Corporate Governance Report is set out on pages 22 to 32 of this annual report.

COMPETING INTERESTS

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

AUDITOR

At the Company's last Annual General Meeting, RSM Nelson Wheeler was re-appointed as auditor of the Company. On 26 October 2015 our auditor changed the name under which it practices to RSM Hong Kong and accordingly has signed its report under its new name.

RSM Hong Kong retires, and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of RSM Hong Kong will be put at the forthcoming Annual General Meeting.

By Order of the Board

Jian ePayment Systems Limited

Li Sui Yang

Chairman

Hong Kong

21 March 2016

Corporate Governance Report

The Company is committed to ensure a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices.

The Company has complied with the code provisions in the code of corporate governance practice (the "Code of Corporate Governance") and corporate governance report (the "Corporate Governance Report") as set out in Appendix 15 of the GEM Listing Rule throughout the year. The Board of the Company will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

BOARD OF DIRECTORS

Composition

During the year under review, the Board of the Company comprised 9 directors. Mr. Li Sui Yang served as Chairman of the Board, Mr. Tan Wen assumed the position as Chief Executive Officer and Mr. Fok Ho Yin Thomas assumed the position as Chief Financial Officer. Three non-executive Directors are Mr. Wang Jiang Wei, Mr. Hu Hai Yuan and Mr. Tang Hao and three independent non-executive Directors are Mr. Qu Xiao Guo, Mr. Zhang Xiao Jing and Ms. Tung Fong.

Board of Directors	Board Member	Audit Committee	Remuneration Committee	Nomination Committee
<i>Executive Directors</i>				
Mr. Li Sui Yang	✓			✓
Mr. Tan Wen	✓			
Mr. Fok Ho Yin Thomas	✓			
<i>Non-executive Directors</i>				
Mr. Tang Hao	✓			
Mr. Hu Hai Yuan	✓			
Mr. Wang Jiang Wei	✓			
<i>Independent Non-executive Directors</i>				
Mr. Qu Xiao Guo	✓	✓	✓	✓
Mr. Zhang Xiao Jing	✓	✓	✓	✓
Ms. Tung Fong	✓	✓	✓	✓

There is no relationship (including financial, business, family or other material relationship) among members of the Board.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions. Independent non-executive Directors and Non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

Details of backgrounds and qualification of the Directors are set out in the "BIOGRAPHICAL DETAILS OF DIRECTORS' AND SENIOR MANAGEMENT" of this report.

Corporate Governance Report

Pursuant to Rule 5.09 of the GEM Listing Rules, each independent non-executive Directors of the Company has submitted his/her annual confirmation letter to confirm that they are independent and all independent non-executive Directors are considered by the Company to be independent. The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. They bring an impartial view on issues of the Company's strategies, performance and control. For details of the service contract of each independent non-executive Directors, please refer to the section headed "Directors' Service Contracts" of the Report of the Directors. The Board has also met the requirements of the GEM Listing Rules relating to the appointment of at least three Independent Non-Executive Directors with at least one Independent Non-Executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Re-election and Appointment of Directors

In accordance with the Articles of Association of the Company, (i) all Directors will be subject to retirement by rotation on every three years and the new Directors appointed by the Board to fill a causal vacancy during the year shall be subject to re-election by the shareholders of the Company at the next following general meeting after appointment; and (ii) one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to one-third but not less than one-third), shall retire from office by rotation and being eligible offer themselves for re-election at each annual general meeting and that any new Director appointed by the Board during the year shall hold office until the next following general meeting after appointment, and he or she shall be eligible for re-election at that meeting.

The Company has not fixed a specific term of appointment for non-executive Directors. However, they are appointed subject to retirement by rotation and re-election at the AGM of the Company in accordance with the provision of the Articles of Association of the Company. This deviates from the Code of Corporate Governance which requires that non-executive Directors be appointed for a specific term. The Board is of the view that the current practice of appointing non-executive Directors without specific terms but otherwise subject to rotation and re-election by shareholders is fair and reasonable.

Board Diversity Policy

Code provision A.5.6 stipulates that the nomination committee (or the Board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report.

In 2016 meeting, nomination committee members will review the board diversity policy of the Company and the progress of attainment when appropriate to ensure its effectiveness and will discuss any revisions that may be required to be considered and make disclosure of its review results of the Company's corporate governance report annually.

Corporate Governance Report

Attendance of individual directors at board meetings in 2015

The Board meets regularly to discuss the Company's affairs and operations. During the year under review, the Board held regular Board meetings (within the meaning of the Code of Corporate Governance) at approximately quarterly interval and 1 Board meeting which were convened when board-level decisions on particular matters were required. The Directors attended those meetings in person, by phone or through other electronic means of communication.

The attendance record of each member of the Board is set out below:

Name of Director	Attendance/Eligible to attend
Mr. Li Sui Yang	5/5
Mr. Tan Wen	5/5
Mr. Fok Ho Yin Thomas	5/5
Mr. Tang Hao	5/5
Mr. Hu Hai Yuan	4/5
Mr. Qu Xiao Guo	5/5
Mr. Zhang Xiao Jing	4/5
Ms. Tung Fong	5/5
Mr. Wang Jiang Wei	2/5

During the regular meetings of the Board, the Directors discussed and formulated the overall strategies of the Group, reviewed and monitored the business and financial performances and discuss the quarterly, half-yearly and annual results, as well as discussed and decided on other significant matters. In addition, the Chairman of the Board also held a meeting with the non-executive directors without the presence of executive directors during the year under review.

Corporate Governance Report

The attendance record of the general meeting of the Directors is set out below:

Name of Directors	Attended/Eligible to attend
<i>Executive Directors</i>	
Mr. Li Sui Yang	0/1
Mr. Tan Wen	0/1
Mr. Fok Ho Yin Thomas	1/1
<i>Non-executive Directors</i>	
Mr. Tang Hao	0/1
Mr. Hu Hai Yuan	0/1
Mr. Wang Jiang Wei	0/1
<i>Independent Non-executive Directors</i>	
Mr. Qu Xiao Guo	0/1
Mr. Zhang Xiao Jing	0/1
Ms. Tung Fong	0/1

Code provision A.6.7 stipulates that independent non-executive Directors and non-executive Directors should attend general meetings of the Company. Owing to overseas engagements, three independent non-executive Directors and three non-executive Directors were unable to attend the general meetings of the Company held on 13 May 2015.

Code provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. The Chairman of the Board was absent from the annual general meeting held on 13 May 2015 due to business commitments.

Corporate Governance Report

Directors' Induction and Continuing Professional Development

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has continuously provided relevant training materials to the Directors. Directors participated in courses relating to roles, functions and duties of a listed company director or further enhancement of their professional development by the way of attending training courses or reading relevant materials. All Directors had provided the Company their training records for the year under review.

Members	Types of training
<i>Executive Directors</i>	
Mr. Li Sui Yang	B, C
Mr. Tan Wen	A, B, C
Mr. Fok Ho Yin Thomas	A, B, C
<i>Non-executive Directors</i>	
Mr. Tang Hao	C
Mr. Hu Hai Yuan	C
Mr. Wang Jiang Wei	A, B, C
<i>Independent Non-executive Directors</i>	
Mr. Qu Xiao Guo	A, B, C
Mr. Zhang Xiao Jing	C
Ms. Tung Fong	C

Note:

- A: attending training courses
- B: seminars, conferences or forums
- C: reading newspapers, journals and relevant materials

The directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the directors and officers of the Company. The directors and officers shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

Corporate Governance Report

Function

The Board of the Company is responsible for devising the Company's overall objectives and strategies, monitoring and evaluating its operating and financial performance, and reviewing the corporate governance standard of the Company. It also decides on matters such as quarter, interim and annual results, investments, director appointments or re-appointments and dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the CEO and the senior management. When necessary to discuss significant issues, all directors are given an opportunity to include matters in the agenda for Board meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is segregation of duties between Chairman and CEO. The segregation of duties ensures balance of power between the Board and the Group's management as well as their independence and accountability.

The Chairman is the leader of the Board and he oversees the Board so that it acts in the best interests of the Group. The Chairman is responsible for deciding the agenda of each Board meeting, taking into account, where appropriate, matters proposed by other directors for inclusion in the agenda. The Chairman has overall responsibility for providing leadership, vision and direction in the development of the business of the Company.

The Chief Executive Officer, assisted by other executive management team, is responsible for the day-to-day management of the business of the Group, attends to formulation and successful implementation of policies, and assumes full accountability to the Board for all operations of the Group. Working with the Chairman and the executive management team of each core business division, he ensures smooth operations and development of the Group. He maintains continuing dialogue with the Chairman and all directors to keep them fully informed of all major business developments and issues. He is also responsible for building and maintaining an effective executive team to support him in his role.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely Mr. Qu Xiao Guo, Mr. Zhang Xiao Jing and Ms. Tung Fong.

The primary duties of the audit committee are to review the quarter, interim and annual financial information of the Company and to provide supervision over the financial reporting system and internal control procedure of the Company.

The audit committee convened 4 meetings during the year and reviewed the financial results and statements, financial reporting and compliance procedures, review and processes of risk management.

Corporate Governance Report

The following table sets out the attendance of each member of the audit committee at the audit committee meetings held during the year:

Name of Director	Attendance/No. of times of committee meetings held
Mr. Qu Xiao Guo	4/4
Mr. Zhang Xiao Jing	3/4
Ms. Tung Fong	4/4

The audit committee has reviewed the audited results of the Group of the year and proposed adoption of the same by the Directors.

REMUNERATION COMMITTEE

The remuneration committee comprises three independent non-executive Directors, namely, Mr. Qu Xiao Guo, Mr. Zhang Xiao Jing and Ms. Tung Fong.

The primary objectives of the remuneration committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the directors and senior management. The remuneration committee is also responsible for establishing formal and transparent procedures for developing such remuneration policy and structure.

The remuneration committee convened one meeting during the year and reviewed the remuneration package of the Board and senior management. The following table sets out the attendance of each member of the remuneration committee at the remuneration committee meetings held during the year:

Name of Director	Attendance/No. of times of committee meeting held
Mr. Qu Xiao Guo	1/1
Mr. Zhang Xiao Jing	1/1
Ms. Tung Fong	1/1

The remuneration policy for year 2015 for Board members and senior management was the same as those adopted in 2014.

Corporate Governance Report

NOMINATION COMMITTEE

The nomination committee comprises one executive Director Mr. Li Sui Yang and the three independent non-executive Directors namely, Mr. Qu Xiao Guo, Mr. Zhang Xiao Jing and Ms. Tung Fong.

The primary objectives of the nomination committee are to review the size, structure and composition of the Board, identify suitably qualified individual for appointment to the Board, assess the independence of independent non-executive Directors and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The nomination committee convened one meeting during the year and reviewed the composition of the Board and the suitability of Directors proposed for re-appointment at the Company's annual general meeting.

The following table sets out the attendance of each member of the nomination committee at the nomination committee meetings held during the year:

Name of Director	Attendance/No. of times of committee meeting held
Mr. Li Sui Yang	1/1
Mr. Qu Xiao Guo	1/1
Mr. Zhang Xiao Jing	1/1
Ms. Tung Fong	1/1

DIRECTOR'S RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of financial statements for each financial period with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that the judgment and estimates made are prudent and reasonable.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report of this annual report.

FINANCIAL REPORTING

Code provision C.1.2 stipulates that management should provide all members of the Board with monthly updates giving balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.

Corporate Governance Report

During the year ended 31 December 2015, rather than providing monthly updates to all members of the Board, the management of the Company has provided to all Directors quarterly updates with quarterly consolidated financial statement of the Company's performance, position and prospects in sufficient details during the regular Board meetings of the Company. In addition, the management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board. The management discussion and analysis prepared by management and reviewed by the Board of the directors are included in pages 6 to 10 of this annual report.

SHAREHOLDER COMMUNICATION

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, various notices, announcements and circulars. Procedure for demanding a poll has been included in circulars accompanying notice convening a general meeting and such procedure has been read out by the chairman of the general meeting.

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its shareholders. The Company shall provide shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the GEM Listing Rules. The information provided shall be reasonably necessary to enable shareholders to make an informed decision on the proposed resolution(s). At the 2014 Annual General Meeting, a separate resolution was proposed by the Chairman in respect of each separate issue, including re-election of directors.

INVESTOR RELATIONS

The Company has disclosed all necessary information to the shareholders in compliance with GEM Listing Rules. Updated and key information of the Group is also available on the Company's website. The Company also replied the enquiries from shareholders timely. The Directors host the annual general meeting each year to meet the shareholders and answer their enquiries.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, shareholders are requested to follow article 58 of the Articles of Association of the Company, general meetings shall be convened on the written requisition of any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Corporate Governance Report

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

The provisions for a shareholder to propose a person for election as a director of the Company are laid down in Article 86 of the Company's Articles of Association. No person other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose such person for election as a Director, signed by a shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by such person of his willingness to be elected shall have been lodged at the head office or at the Registration Office. The minimum length of the period during which such notices are given shall be at least seven (7) days and the period for lodgement of such notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Detailed procedures for shareholders to propose a person for election as a Director are available on the Company's website.

PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

Shareholders may send written enquiries to the Company, for the attention of company secretary, by email: info@jianepayment.com, fax: (852) 2587 8771, or mail to 3301, 33/F., West Tower Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

INFORMATION DISCLOSURE

The Company discloses information in compliance with the GEM Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling shareholders, investors as well as the public to make rational and informed decisions.

CONSTITUTIONAL DOCUMENTS

During the year under review, there is no change in the Company's constitutional documents.

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 5.48 to 5.67 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 year 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 year ended 31 December 2015.

Corporate Governance Report

COMPANY SECRETARY

Mr. Fok Ho Yin Thomas was appointed by the Board as the company secretary of the Company. The company secretary supports the chairman, Board and board committees by ensuring good information flow and reports to the Board and assists the Board in functioning effectively and efficiently. The company secretary also advises the Board on governance matters and facilitates the induction and professional development of Directors. All Directors of the Company may call upon him for advice and assistance at any time in respect to their duties and the effective operation of the Board and board committee.

Mr. Fok has been the company secretary of the Company since September 2008. He is also the executive director, authorised representative and the chief financial officer of the Company. The biographical detail of Mr. Fok is set out in the section of Directors and Senior Management profiles on page 11 of this report. During the year, Mr. Fok undertook not less than 20 hours of relevant professional training.

INTERNAL CONTROL

The Board recognises the importance of maintaining an adequate and effective internal control system to safeguard the Company's assets against unauthorised use or disposition, and to protect the interests of shareholders of the Company.

The audit committee assumes the overall responsibility for reviewing the adequacy and integrity of the Group's internal control system.

During the year, the Board has discussed and reviewed the relevant proposals made by senior management in order to ensure an adequate and effective system of internal control. The Board, through the audit committee, has conducted a review of the effectiveness of the internal control system of the Company and its subsidiaries for the year ended 31 December 2015, which covers all material controls, including financial, operational and compliance controls functions.

EXTERNAL AUDITOR

During the year, the Company has appointed Messrs RSM Hong Kong ("RSM") as the Company's external auditor. During the year, the remuneration paid/payable to RSM in relation to the audit and non-audit services are as follows:

	Fee paid/payable RMB'000
Audit services	306
Non-audit services	141

CONCLUSION

The Company believes that good corporate governance could ensure an effective distribution of the resources and shareholders' interests. The senior management will continue endeavors in maintaining, enhancing and increasing the Group's corporate governance level and quality.

Independent Auditor's Report



TO THE SHAREHOLDERS OF JIAN ePAYMENT SYSTEMS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Jian ePayment Systems Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 75, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Hong Kong

Certified Public Accountants

Hong Kong

21 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Turnover	7(a)	3,703	4,492
Cost of goods sold and services rendered		(2,894)	(2,977)
Gross profit		809	1,515
Other income	7(b)	82	539
Distribution costs		(430)	(422)
Administrative expenses		(11,984)	(11,639)
Loss before tax		(11,523)	(10,007)
Income tax expense	9	–	–
Loss and total comprehensive income for the year attributable to owners of the Company	10	(11,523)	(10,007)
Loss per share			
Basic	14	(RMB0.006)	(RMB0.006)
Diluted	14	N/A	N/A

Consolidated Statement of Financial Position

At 31 December 2015

	<i>Note</i>	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	15	4,912	5,436
Current assets			
Inventories	16	110	362
Trade and other receivables	17	848	788
Bank and cash balances	18	13,261	15,940
		14,219	17,090
Current liabilities			
Trade and other payables	19	6,004	7,876
Due to a related company	27(c)	10	10
		6,014	7,886
Net current assets		8,205	9,204
Total assets less current liabilities		13,117	14,640
Non-current liabilities			
Loan from a shareholder	20	9,328	–
NET ASSETS		3,789	14,640
Capital and reserves			
Share capital	21	86,973	86,973
Reserves	23	(83,184)	(72,333)
TOTAL EQUITY		3,789	14,640

Approved by the Board of Directors on 21 March 2016 and signed on its behalf by:

Li Sui Yang
Director

Fok Ho Yin Thomas
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital RMB'000	Share premium account (note 23(b)(ii)) RMB'000	Capital reserves (note 23(b)(iii)) RMB'000	General reserve fund (note 23(b)(iii)) RMB'000	Enterprise expansion fund (note 23(b)(iii)) RMB'000	Option reserve (note 23(b)(v)) RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2014	61,766	58,308	6,304	2,870	1,435	5,251	(135,259)	675
Issue of shares upon Open Offer (note 21)	25,207	(1,235)	-	-	-	-	-	23,972
Total comprehensive income for the year	-	-	-	-	-	-	(10,007)	(10,007)
Changes in equity for the year	25,207	(1,235)	-	-	-	-	(10,007)	13,965
At 31 December 2014	86,973	57,073	6,304	2,870	1,435	5,251	(145,266)	14,640
At 1 January 2015	86,973	57,073	6,304	2,870	1,435	5,251	(145,266)	14,640
Deemed shareholder's contribution	-	-	672	-	-	-	-	672
Total comprehensive income for the year	-	-	-	-	-	-	(11,523)	(11,523)
Changes in equity for the year	-	-	672	-	-	-	(11,523)	(10,851)
At 31 December 2015	86,973	57,073	6,976	2,870	1,435	5,251	(156,789)	3,789

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	<i>Note</i>	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(11,523)	(10,007)
Adjustments for:			
Depreciation		570	713
Allowance for inventories		112	62
Allowance for trade receivables		339	186
Interest income		(46)	(12)
Other payables written back		(12)	(514)
Reversal of allowance for inventories		(26)	(10)
Reversal of allowance for other receivables		–	(11)
Operating loss before working capital changes		(10,586)	(9,593)
Decrease/(increase) in inventories		166	(399)
(Increase)/decrease in trade and other receivables		(399)	1,344
Decrease in due to directors		–	(1,387)
Decrease in trade and other payables		(1,860)	(1,681)
Net cash used in operating activities		(12,679)	(11,716)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(46)	(41)
Interest received		46	12
Net cash used in investing activities		–	(29)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan advance from a shareholder		10,000	–
Proceeds from issues of shares upon Open Offer	21	–	25,207
Transaction costs paid upon Open Offer	21	–	(1,235)
Net cash generated from financing activities		10,000	23,972
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,679)	12,227
CASH AND CASH EQUIVALENTS AT 1 JANUARY		15,940	3,713
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		13,261	15,940
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		13,261	15,940

Notes to the Consolidated Financial Statements

For the year ended 31 December 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 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 set out in note 28 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

(a) Application of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current and prior years.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2015. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of New and revised HKFRSs in issue but not yet effective

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ²

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS *(Continued)*

(c) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(d) Amendments to the Rules Governing the Listing of Securities on the Stock Exchange

The Stock Exchange in April 2015 released revised Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any related accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and presentation currency and the functional currency of the principal operating subsidiaries of the Group.

(ii) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

(iii) *Translation on consolidation*

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal residual values and annual depreciation rates are as follows:

	Residual value	Annual depreciation rate
Land and buildings	–	Over the term of the lease
Leasehold improvements	–	20%
Machinery	0% – 10%	14% – 33%
Office equipment	0% – 10%	15% – 20%
Motor vehicles	–	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(f) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(i) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank balances and cash are classified in this category.

(j) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand.

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from the sales of hardware, software and smart cards are recognised when delivery and acceptance have occurred, the fee is fixed and determinable, persuasive evidence of an arrangement exists, collection of the receivable is probable and no significant post-delivery obligations remain.

Revenue from the repair and maintenance services is recognised when the relevant services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Pension obligations*

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) *Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

(r) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(s) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Taxation *(Continued)*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment

(v) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(x) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 31 December 2015 was approximately RMB4,912,000 (2014: RMB5,436,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

5. KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

Allowance for slow-moving inventories of approximately RMB112,000 (2014: RMB62,000) was made for the year ended 31 December 2015.

(c) Allowance for trade receivables

The Group makes allowance for trade receivables based on assessments of the recoverability of the trade receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade receivables and doubtful debt expenses in the year in which such estimate has been changed.

Allowance for trade receivables of approximately RMB339,000 (2014: RMB186,000) was made for the year ended 31 December 2015.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in RMB and Hong Kong dollars ("HK\$"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2015, if HK\$ had weakened 5 per cent against RMB with all other variables held constant, consolidated loss after tax for the year would have been approximately RMB362,076 (2014: RMB332,000) higher, arising mainly as a result of the foreign exchange loss on bank deposits denominated in HK\$. If HK\$ had strengthened 5 per cent against RMB with all other variables held constant, consolidated loss after tax for the year would have been approximately RMB362,076 (2014: RMB332,000) lower, arising mainly as a result of the foreign exchange gain on bank deposits denominated in HK\$.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk

As at 31 December 2015, approximately 93% (2014: 100%) of the Group's trade receivables were due from the largest customer. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit quality of the counterparties in respect of trade and other receivables is assessed by taking into account their financial position, credit history and other factors. Given the constant repayment history, the directors are of the opinion that the risk of default by these counterparties is low.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and large state-controlled banks in the PRC.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2015					
Trade and other payables	6,004	–	–	–	6,004
Due to a related company	10	–	–	–	10
Loan from a shareholder	–	10,000	–	–	10,000
At 31 December 2014					
Trade and other payables	7,876	–	–	–	7,876
Due to a related company	10	–	–	–	10

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Interest rate risk

The Group has no other significant interest-bearing assets and liabilities. The Group's operating cash flows are substantially independent of changes in market interest rates.

(e) Categories of financial instruments at 31 December

	2015 RMB'000	2014 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	13,894	16,509
Financial liabilities:		
Financial liabilities at amortised cost	15,342	7,886

(f) Fair values

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

7. TURNOVER AND OTHER INCOME

(a) Turnover

The Group's turnover represents the following:

	2015 RMB'000	2014 RMB'000
Sales of hardware, software and smart cards	3,596	4,330
Repair and maintenance services	107	162
	3,703	4,492

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7. TURNOVER AND OTHER INCOME (Continued)

(b) Other income

	2015 RMB'000	2014 RMB'000
Subsidy income		
— Value-added tax ("VAT") refund (Note (i))	24	13
Interest income	46	12
Other payables written back	12	514
	82	539

- (i) Zhengzhou Jian-O'Yuan ITS Systems Co. Ltd. ("Zhengzhou Jian-O'Yuan") is subject to output VAT on its sales in the PRC, which is levied at the general rate of 17% and 6% on the gross selling price upon sales of goods and services rendered respectively. Input VAT paid on purchases of raw materials, work in progress and other assets would be used to offset the output VAT payable on sales to determine the net VAT prepayment or VAT payable.

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

8. SEGMENT INFORMATION

Operating segment information

The Group is 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 application. Accordingly, no operating segment information is presented.

Geographical information

Turnover generated by the Group during the years ended 31 December 2015 and 2014 were attributable to customers based in the PRC, the country of domicile of the Group's operation. Also, the Group's major non-current assets are all located in the PRC.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

8. SEGMENT INFORMATION *(Continued)*

Turnover from major customers

The Group's customers base included two (2014: two) customers with whom transactions have exceeded 10% of the Group's turnover. Turnover from those customers is set out as below:

	2015 RMB'000	2014 RMB'000
Customer A <i>(note i)</i>	N/A	3,599
Customer B	2,800	601
Customer C <i>(note ii)</i>	626	N/A
	3,426	4,200

(i) Customer A did not contribute over 10% of the total turnover of the Group for the year ended 31 December 2015.

(ii) Customer C did not contribute over 10% of the total turnover of the Group for the year ended 31 December 2014.

9. INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000
Current tax — PRC Enterprise Income Tax Provision for the year	—	—

No provision for profits tax in the Cayman Islands, the British Virgin Islands or Hong Kong are required as the Group has no assessable profit arising in or derived from those jurisdictions for the years ended 31 December 2015 and 2014.

The tax rate applicable to the PRC subsidiaries in the Group were 25% (2014: 25%) during the year. However, no provision for PRC Enterprise Income Tax has been made in the consolidated financial statements for the years ended 31 December 2015 and 2014 as the PRC subsidiaries did not generate any assessable profit for the years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

9. INCOME TAX EXPENSE *(Continued)*

The reconciliation between the income tax expense and the product of loss before tax multiplied by the PRC Enterprise Income Tax rate is as follows:

	2015 RMB'000	2014 RMB'000
Loss before tax	(11,523)	(10,007)
Tax at the PRC Enterprise Income Tax rate of 25% (2014: 25%)	(2,881)	(2,502)
Tax effect of income that is not taxable	(8)	(147)
Tax effect of expenses that are not deductible	1,664	1,644
Tax effect of temporary differences not recognised	16	17
Tax effect of tax losses not recognised	455	282
Effect of different tax rates	754	706
Income tax expense	—	—

The details of unprovided deferred taxation as at 31 December 2015 are stated in note 25 to the consolidated financial statements.

10. LOSS FOR THE YEAR

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

	2015 RMB'000	2014 RMB'000
Depreciation of property, plant and equipment <i>(Note 15)</i>	570	713
Operating lease charges		
— Land and buildings	821	618
Research and development costs	1,383	1,166
Auditor's remuneration		
Current	306	312
Under-provision in prior year	10	25
	316	337
Foreign exchange (gains)/losses	(82)	241
Cost of inventories sold	2,853	2,939
Allowance for inventories (included in cost of inventories sold)	112	62
Reversal of allowance for inventories (included in cost of inventories sold)	(26)	(10)
Allowance for trade receivables	339	186
Reversal of allowance for other receivables	—	(11)

Cost of inventories sold includes staff costs, depreciation, reversal of allowance for inventories and operating lease charges of approximately RMB163,000 (2014: RMB128,000) which are included in the amounts disclosed separately.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

11. EMPLOYEE BENEFITS EXPENSE

	2015 RMB'000	2014 RMB'000
Staff cost, excluding directors' emoluments:		
Salaries, bonuses and allowances	904	869
Retirement benefit scheme contributions	167	142
	1,071	1,011

(a) Retirement benefit schemes

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK\$1,500 (from HK\$1,250 to HK\$1,500 effective from June 2014) per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year include three (2014: three) directors whose emoluments are reflected in the analysis presented in note 12. The emoluments of the remaining two (2014: two) individuals are set out below:

	2015 RMB'000	2014 RMB'000
Basic salaries and benefits	595	553
Retirement benefit scheme contributions	107	93
	702	646

The emoluments of the five highest paid individuals fell within the following bands:

	Number of individuals	
	2015	2014
HK\$Nil – HK\$1,000,000	2	2
HK\$1,000,001 – HK\$1,500,000	3	3
	5	5

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2014: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

12. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Name of director	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking			Total RMB'000
	Fees RMB'000	Salaries and allowance RMB'000	Retirement benefit scheme contributions RMB'000	
Executive directors:				
Mr. Li Sui Yang	–	780	154	934
Mr. Tan Wen	–	715	143	858
Mr. Fok Ho Yin Thomas	–	780	143	923
	–	2,275	440	2,715
Non-executive directors:				
Mr. Tang Hao	60	–	–	60
Mr. Hu Hai Yuan	60	–	–	60
Mr. Wang Jiang Wei	60	–	–	60
Mr. Zhang Xiao Jing	60	–	–	60
Ms. Tung Fong	60	–	–	60
Mr. Qu Xiao Guo	60	–	–	60
	360	–	–	360
Total for 2015	360	2,275	440	3,075

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

12. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

Name of director	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking			
	Fees RMB'000	Salaries and allowance RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors:				
Mr. Li Sui Yang	65	735	140	940
Mr. Tan Wen	65	670	131	866
Mr. Fok Ho Yin Thomas	65	735	131	931
	195	2,140	402	2,737
Non-executive directors:				
Mr. Tang Hao	60	–	–	60
Mr. Hu Hai Yuan	60	–	–	60
Mr. Fan Bao Shan (Note (i))	55	–	–	55
Mr. Wang Jiang Wei (Note (ii))	5	–	–	5
Mr. Zhang Xiao Jing	60	–	–	60
Ms. Tung Fong	60	–	–	60
Mr. Qu Xiao Guo	60	–	–	60
	360	–	–	360
Total for 2014	555	2,140	402	3,097

Notes:

- (i) Resigned on 19 November 2014.
- (ii) Appointed on 19 November 2014.

No directors waived any emoluments during the years ended 31 December 2015 and 2014.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

13. DIVIDEND

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

14. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately RMB11,523,000 (2014: RMB10,007,000) and the weighted average number of ordinary shares of approximately 1,935,900,000 (2014: 1,595,928,000) in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2015 and 2014.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost						
At 1 January 2014	5,264	92	25,950	597	2,934	34,837
Additions	–	–	9	32	–	41
At 31 December 2014 and 1 January 2015	5,264	92	25,959	629	2,934	34,878
Additions	–	–	–	46	–	46
At 31 December 2015	5,264	92	25,959	675	2,934	34,924
Accumulated depreciation and impairment						
At 1 January 2014	479	92	25,950	493	1,715	28,729
Charge for the year	135	–	9	26	543	713
At 31 December 2014 and 1 January 2015	614	92	25,959	519	2,258	29,442
Charge for the year	135	–	–	19	416	570
At 31 December 2015	749	92	25,959	538	2,674	30,012
Carrying amount						
At 31 December 2015	4,515	–	–	137	260	4,912
At 31 December 2014	4,650	–	–	110	676	5,436

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

16. INVENTORIES

	2015 RMB'000	2014 RMB'000
Raw materials	2,179	2,176
Work in progress	427	596
Finished goods	203	203
Less: allowance for inventories	(2,699)	(2,613)
	110	362

The reversal of allowance for inventories of approximately RMB26,000 (2014: RMB10,000) arose from sales of obsolete inventories.

17. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2015 RMB'000	2014 RMB'000
Trade receivables	<i>(a)</i>	276	339
Other receivables	<i>(b)</i>	572	449
		848	788

(a) Trade receivables

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 60 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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

	2015 RMB'000	2014 RMB'000
Within 6 months	276	339
Within 6 to 12 months	–	–
Over 1 year	4,366	4,027
	4,642	4,366
Allowance for trade receivables	(4,366)	(4,027)
	276	339

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

17. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

Reconciliation of allowance for trade receivables:

	2015 RMB'000	2014 RMB'000
At 1 January	4,027	3,841
Allowance for the year	339	186
At 31 December	4,366	4,027

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

As of 31 December 2015 and 2014, no trade receivables were past due but not impaired.

The carrying amounts of the Group's trade receivables are denominated in RMB.

(b) Other receivables

	2015 RMB'000	2014 RMB'000
Prepayments to suppliers	215	219
Rental and utility deposits	214	160
Advances to staff	103	27
Others	40	43
	572	449

No allowance was made for estimated irrecoverable other receivables for the years ended 31 December 2015 and 2014.

18. BANK AND CASH BALANCES

As at 31 December 2015, the bank and cash balances of the Group denominated in RMB amounted to approximately RMB902,000 (2014: RMB4,609,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

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19. TRADE AND OTHER PAYABLES

	Note	2015 RMB'000	2014 RMB'000
Trade payables	(a)	835	2,039
Other payables	(b)	5,169	5,837
		6,004	7,876

(a) Trade payables

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

	2015 RMB'000	2014 RMB'000
Within 6 months	208	1,398
Within 6 to 12 months	–	–
Over 1 year	627	641
	835	2,039

(b) Other payables

	2015 RMB'000	2014 RMB'000
Other tax payable	85	224
Provision for staff and workers' bonus and welfare fund	498	624
Accruals for operating expenses	2,467	2,504
Salaries and welfare payables	193	191
Others	1,926	2,294
	5,169	5,837

20. LOAN FROM A SHAREHOLDER

The loan from a shareholder is unsecured, interest-free and repayable on 30 June 2017. Accordingly, the loan from a shareholder is classified as non-current liabilities as at 31 December 2015. The loan is carried at amortised cost calculated at an effective interest rate of 4.75% per annum.

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For the year ended 31 December 2015

21. SHARE CAPITAL

	Number of shares		Nominal value			
	2015 '000	2014 '000	2015		2014	
			HK\$'000	RMB'000	HK\$'000	RMB'000
Ordinary shares of HK\$0.05 each						
Authorised:						
At 1 January and 31 December	30,000,000	30,000,000	1,500,000	1,264,706	1,500,000	1,264,706
Issued and fully paid:						
At 1 January	1,935,900	1,290,600	96,795	86,973	64,530	61,766
Shares issued upon Open Offer	–	645,300	–	–	32,265	25,207
At 31 December	1,935,900	1,935,900	96,795	86,973	96,795	86,973

Pursuant to a resolution passed at a meeting of the board of directors of the Company on 6 October 2014, an issue of shares by the Company at a price of HK\$0.05 per share on the basis of one share for every two shares then held by the qualifying shareholders on the record date and payable in full on the acceptance (the "Open Offer") was approved. The Open Offer was completed and a total of 645,300,000 new shares were issued on 29 October 2014, resulting in proceeds of approximately RMB25,207,000 (equivalent to HK\$32,265,000), before expenses, to the Company. Transaction costs directly attributable to the Open Offer amounted to approximately RMB1,235,000 and were recognised in the share premium account of the Company.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts.

The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, at 31 December 2015 was 80% (2014: 35%).

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group receives a report from the share registrars on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2015, 63% (2014: 63%) of the shares were in public hands.

Notes to the Consolidated Financial Statements

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22. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(a) Statement of financial position of the Company

	<i>Note</i>	As at 31 December 2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment		15	15
Investment in subsidiaries		–	–
		15	15
Current assets			
Other receivables		367	190
Due from subsidiaries		4,112	7,422
Bank and cash balances		11,362	9,757
		15,841	17,369
Current liabilities			
Trade and other payables		2,231	2,236
Due to subsidiaries		508	508
		2,739	2,744
Net current assets		13,102	14,625
Total assets less current liabilities		13,117	14,640
Non-current liabilities			
Loan from a shareholder		9,328	–
NET ASSETS		3,789	14,640
Capital and reserves			
Share capital	21	86,973	86,973
Reserves	22(b)	(83,184)	(72,333)
TOTAL EQUITY		3,789	14,640

The Company's statement of financial position was approved by the Board of Directors on 21 March 2016 and signed on its behalf by:

Li Sui Yang
Director

Fok Ho Yin Thomas
Director

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For the year ended 31 December 2015

22. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(b) Reserve movement of the Company

	Share premium account RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2014	58,308	–	23,996	5,251	(150,911)	(63,356)
Transaction costs attributable to Open Offer <i>(note 21)</i>	(1,235)	–	–	–	–	(1,235)
Total comprehensive income for the year	–	–	–	–	(7,742)	(7,742)
At 31 December 2014 and 1 January 2015	57,073	–	23,996	5,251	(158,653)	(72,333)
Deemed shareholder's contribution	–	672	–	–	–	672
Total comprehensive income for the year	–	–	–	–	(11,523)	(11,523)
At 31 December 2015	57,073	672	23,996	5,251	(170,176)	(83,184)

23. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share. Under the Companies Law of the Cayman Islands, the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital reserves

Capital reserves arose as a result of (i) the Group reorganisation implemented for the listing of the Company's shares in year 2001; and (ii) the fair value adjustment on interest-free loan from a shareholder classified as non-current liabilities at initial recognition in year 2015 when the loan was drawn by the Company.

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23. RESERVES *(Continued)*

(b) Nature and purpose of reserves *(Continued)*

(iii) *General reserve fund and enterprise expansion fund*

General reserve fund and enterprise expansion fund, which are non-distributable, are appropriated from the profit after taxation of the PRC subsidiaries of the Group under the applicable laws and regulations in the PRC.

(iv) *Merger reserve*

Merger reserve of the Company represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of subsidiaries acquired through an exchange of shares pursuant to the Group reorganisation in previous years. Under the Companies Law of the Cayman Islands, the merger reserve of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(v) *Option reserve*

Option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and consultants of the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(r) to the consolidated financial statements.

24. SHARE-BASED PAYMENTS

Equity-settled share option scheme

Pursuant to the share option scheme of the Company adopted on 19 November 2001 (the "Old Scheme"), the Company may grant options to the participants of the Old Scheme to subscribe for shares of the Company. The participants include any employees (including directors) and certain other persons who, in the sole discretion of the board of directors or a duly authorised committee thereof (the "Board"), have contributed to the Group. 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 Old Scheme and other share option schemes must not, in aggregate, exceed 30% of the shares in issue from time to time. Any option granted under the Old 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. 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 grant date, (ii) the average closing price of the shares quoted on the GEM for the five business days immediately preceding the date of grant and (iii) the nominal value of the shares on the date of grant.

On 13 March 2008, 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.

Notes to the Consolidated Financial Statements

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24. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

24. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

Details of specific categories of options are as follows:

Grantee	Date of grant	Vesting period	Exercise period	Exercise price HK\$	Number of Share Options		
					Balance at 1 January 2015	Movement	Balance at 31 December 2015
Directors, employees and others	18 May 2009	N/A	18 May 2009 to 17 May 2019	0.136	77,480,769	-	77,480,769
Directors	1 June 2010 (A)	N/A	1 June 2010 to 31 May 2020	0.129	22,104,808	-	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	-	22,104,808

Details of the Share Options outstanding during the year 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 year	121,690,385	1.33	106,800,000	0.152
Adjustment for Open Offer	-	-	14,890,385	0.133
Outstanding at the end of the year	121,690,385	1.33	121,690,385	0.133
Exercisable at the end of the year	121,690,385	1.33	121,690,385	0.133

The options outstanding at the end of the year have a weighted average remaining contractual life of 3.76 years (2014: 4.76 years) and the exercise price are ranging from HK\$0.129 to HK\$0.136 (2014: HK\$0.129 to HK\$0.136).

Notes to the Consolidated Financial Statements

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25. DEFERRED TAXATION

At the end of the reporting period the Group has unused tax losses and other deductible temporary differences of approximately RMB7,764,000 and RMB565,000 respectively (2014: RMB7,139,000 and RMB467,000 respectively) that are available for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences due to unpredictability of future profit streams. The unrecognised tax losses will expire from 2016 to 2020 and other deductible temporary differences may be carried forward indefinitely.

Under the enterprise income tax law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries of the Group from 1 January 2008 onwards. As at 31 December 2015 and 31 December 2014, the PRC subsidiaries of the Group have accumulated losses, no deferred taxation has been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries of the Group.

26. LEASE COMMITMENTS

At 31 December 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2015 RMB'000	2014 RMB'000
Within one year	414	640
In the second to fifth years inclusive	–	209
	414	849

Operating lease payments represent rentals payable by the Group for certain of its office. Leases are negotiated for an average term of 1 year (2014: 2 years) and rentals are fixed over the lease terms and do not include contingent rentals.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

27. RELATED PARTY TRANSACTIONS

(a) Name and relationship of related parties

Name	Relationship with the Company
北京華普產業集團有限公司 Beijing Jian Enterprise (Group) Co., Ltd. ("Beijing Jian Enterprise")	A company 100% ultimately owned by Mr. Chin Ying Hoi and Ms. Ya Zhen Quan, the shareholders of the Company
北京華普科技企業有限公司 Beijing Jian-Tech Co., Ltd. ("Jian-Tech")	80% owned subsidiary of Beijing Jian Enterprise
北京華普國際大廈有限公司 Beijing Huapu International Plaza Co., Ltd. ("Beijing Huapu")	52% owned subsidiary of Jian-Tech
海口華普立得泊車管理有限公司 Haikou Huapu Lide Parking Management Co., Ltd. ("Haikou Project Company")	Being 20% owned by Beijing Jian Enterprise
威海天創電子智能系統有限公司 Weihai Tian Chuang Electronic System Co., Ltd. ("Weihai Project Company")	Being 20% owned by Jian-Tech
上海白玉蘭智能交通系統管理有限公司 Shanghai Bai Yu Lan Intelligent Transportation System Management Co., Ltd. ("Shanghai Project Company")	Being 40% owned by Beijing Jian Enterprise
北京華普道路泊車建設管理有限公司 Beijing Huapu Roadside Parking Facilities Construction and Management Co., Ltd. ("Beijing Project Company")	80% owned subsidiary of Jian-Tech

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

27. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Significant related party transactions

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties, which the directors considered were conducted in the normal course of business:

	2015 RMB'000	2014 RMB'000
Sales of hardware:		
— Shanghai Project Company	626	224
Reversal of allowance for other receivables:		
— Shanghai Project Company	—	11

(c) Balances with related parties

	2015 RMB'000	2014 RMB'000
Balance from trading activities and included in trade receivables:		
— Haikou Project Company	239	239
— Weihai Project Company	520	520
	759	759
Allowance for impairment losses	(759)	(759)
	—	—
Included in other payables:		
— Beijing Huapu	274	274
— Beijing Project Company	20	20
— Shanghai Project Company	—	5
	294	299

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

27. RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

	2015 RMB'000	2014 RMB'000
Due from related companies:		
— Beijing Jian Enterprise	20	20
— Weihai Project Company	23	23
— Haikou Project Company	33	33
	76	76
Allowance for impairment losses	(76)	(76)
	—	—
Due to a related company:		
— Jian-Tech	10	10

The balances due from/to related parties were unsecured, non-interest bearing and repayable on demand.

28. SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2015 are as follows:

Name	Place of incorporation/ establishment	Particulars of registered/ issued capital	Interest held		Principal activities and place of operation
			Directly	Indirectly	
Systematic Technology Group Limited	British Virgin Islands	5 ordinary shares of USD1 each	100%	—	Investment holding in Hong Kong
Capital Fair International Investment Limited	British Virgin Islands	1 ordinary share of USD1	100%	—	Investment holding in Hong Kong
Jian ePayment (China) International Holdings Limited	British Virgin Islands	1 ordinary share of USD1	—	100%	Property investment in Hong Kong
Right Ascent Development Limited ("Right Ascent Development")	British Virgin Islands	1 ordinary share of USD1	—	100%	Investment holding in Hong Kong

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

28. SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries as at 31 December 2015 are as follows: *(Continued)*

Name	Place of incorporation/ establishment	Particulars of registered/ issued capital	Interest held		Principal activities and place of operation
			Directly	Indirectly	
Wuhan Jian-O'Yuan Science and Technology Company Limited	PRC	RMB1,000,000	–	100%	Dormant
Zhengzhou Jian-O' Yuan	PRC	USD2,950,000	–	100%	Development and operation of back end electronic receipt/payment and data recording and processing software system; and manufacturing and distribution of the associated commercial applications in PRC
Beijing Jian ePayment Science and Technology Company Limited ("Beijing Jian ePayment")	PRC	USD150,000	–	100%	Dormant

Zhengzhou Jian-O'Yuan and Beijing Jian ePayment are wholly foreign owned enterprises established in the PRC. Wuhan Jian-O' Yuan is a domestic enterprise established in the PRC.

The balances due from/to subsidiaries were unsecured, non-interest bearing and repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

29. EVENTS AFTER THE REPORTING PERIOD

- (a) On 4 March 2016, Right Ascent Development, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with vendors in relation to the proposed acquisition of the entire issued share capital of Top Systems Holdings Limited (the "Target"), a private company incorporated in Hong Kong with limited liability (the "Proposed Acquisition"). The Target wholly owns Wuhan Zhanchi New Energy Technology Company Limited, which is incorporated in PRC and is principally engaged in production and sale of electrical charging facilities and related products for new energy vehicles.

The consideration for the Proposed Acquisition is RMB5,000,000 (equivalent to approximately HK\$6,000,000) which will be satisfied by the issuance and allotment of 54,545,455 consideration shares of the Company.

At the date of these financial statements, the Proposed Acquisition has not yet been completed. Details are set out in to the Company's announcement of 4 March 2016.

- (b) On 9 March 2016, the Company entered into a placing agreement pursuant to which the Company appointed a placing agent to procure, on a best effort basis, not less than six placees to subscribe for up to 110,000,000 new shares of HK\$0.05 each in the share capital of the Company at placing price of HK\$0.111 per share.

At the date of these financial statements, the placing of new shares has not yet been completed. Details are set out in to the Company's announcement of 9 March 2016.

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 21 March 2016.

Financial Summary

CONSOLIDATED PROFIT OR LOSS

(Amounts expressed in thousands of Renminbi)

	Year ended 31 December				2015
	2011	2012	2013	2014	
Turnover	2,259	5,664	4,386	4,492	3,703
Operating (loss)/profit	(22,027)	(25,721)	(16,461)	(10,032)	(11,593)
Subsidy income	50	385	173	13	24
Interest income	60	20	19	12	46
Interest expenses	–	–	–	–	–
(Loss)/profit before taxation	(21,917)	(25,316)	(16,269)	(10,007)	(11,523)
Taxation	–	–	–	–	–
(Loss)/profit after tax but before non-controlling interests	(21,917)	(25,316)	(16,269)	(10,007)	(11,523)
Non-controlling interests	1,620	217	–	–	–
(Loss)/profit attributable to shareholders	(20,297)	(25,099)	(16,269)	(10,007)	(11,523)

CONSOLIDATED FINANCIAL POSITION

(Amounts expressed in thousands of Renminbi)

	At 31 December				2015
	2011	2012	2013	2014	
Non-current assets	31,205	27,141	6,108	5,436	4,912
Net current (liabilities)/assets	10,922	(10,197)	(5,433)	9,204	8,205
Non-controlling interests	(502)	–	–	–	–
Total assets less current liabilities	41,625	16,944	675	14,640	13,117
Representing:					
Non-current liabilities	–	–	–	–	9,328
Share capital	61,766	61,766	61,766	86,973	86,973
Reserves	(20,141)	(44,822)	(61,091)	(72,333)	(83,184)
Shareholder's equity	41,625	16,944	675	14,640	13,117

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