



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

2016

First Quarterly Report 第一季度業績報告



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This report, for which the directors of Jian ePayment Systems Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Highlights

- Turnover for the three months ended 31 March 2016 was approximately RMB85,000 (2015: RMB667,000) which represented a decrease of approximately 87% as compared to the corresponding period in 2015.
- Loss and total comprehensive income for the period attributable to owners of the Company amounted to approximately RMB2,584,000 for the three months ended 31 March 2016.
- Loss per share amounted to RMB0.0013 for the three months ended 31 March 2016.

Unaudited Consolidated Results

The Board of Directors (the “Board”) of Jian ePayment Systems Limited (the “Company”), together with its subsidiaries (the “Group”), is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2016 with comparative figures of the same period in 2015.

	Notes	For the three months ended 31 March	
		2016 RMB'000	2015 RMB'000
Turnover	3	85	667
Cost of sales and services rendered		(17)	(427)
Gross profit		68	240
Other income	4	109	539
Distribution costs		(114)	(165)
Administrative expenses		(2,647)	(3,113)
Loss before tax		(2,584)	(2,499)
Income tax expense	5	–	–
Loss and total comprehensive income for the period attributable to owners of the Company		(2,584)	(2,499)
Loss per share			
— Basic and diluted	6	0.0013	(0.0013)

Notes to the Financial Statements

1. GROUP'S OPERATION AND BASIS OF PREPARATION

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 GEM of the Stock Exchange.

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

All significant intra-group transactions and balances have been eliminated on consolidation.

2. PRINCIPAL ACCOUNTING POLICIES

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

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

The unaudited consolidated results have been prepared in accordance with HKFRSs issued by the HKICPA and the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The unaudited consolidated results have been prepared under the historical cost convention.

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group's annual financial statements for the year ended 31 December 2015.

3. TURNOVER

The Group's turnover represents the followings:

	2016 RMB'000	2015 RMB'000
Sales of hardware, software and smart cards	–	667
Repair and maintenance services	85	–
	85	667

4. OTHER INCOME

Other income includes interest income, exchange gain and expenses written back.

5. INCOME TAX EXPENSE

The companies comprising the Group are subject to income taxes on an entity basis on income arising in or derived from the tax jurisdictions in which they operate.

No provision for profits tax in the Cayman Islands, the British Virgin Islands or Hong Kong are required as the Group has no assessable profit arising in or derived from those jurisdictions for the three months ended 31 March 2016 (2015: Nil).

The tax rate applicable to the PRC subsidiaries in the Group were 25% (2015: 25%) during the period. However, no provision for PRC enterprise income tax has been made in the financial statements for the three months ended 31 March 2016 (2015: Nil) as the PRC subsidiaries did not generate any assessable profit for the period.

6. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately RMB2,584,000 (2015: approximately RMB2,499,000) and the weighted average number of ordinary shares of 1,936,730,769 (2015: 1,935,900,000) in issue during the period.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the period ended 31 March 2016 (2015: Nil).

7. DIVIDEND

No dividend had been declared by the Company for the three months ended 31 March 2016 (2015: Nil).

8. RESERVES

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	General reserve fund RMB'000	Enterprise expansion fund RMB'000	Option reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2016	86,973	57,073	6,976	2,870	1,435	5,251	(156,789)	3,789
Issue of shares upon placing	3,203	3,908	-	-	-	-	-	7,111
Total comprehensive income for the period	-	-	-	-	-	-	(2,584)	(2,584)
At 31 March 2016	90,176	60,981	6,976	2,870	1,435	5,251	(159,373)	8,316
At 1 January 2015	86,973	57,073	6,304	2,870	1,435	5,251	(145,266)	14,640
Total comprehensive income for the period	-	-	-	-	-	-	(2,499)	(2,499)
At 31 March 2015	86,973	57,073	6,304	2,870	1,435	5,251	(147,765)	12,141

9. SHARE-BASED

Share options

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

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

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

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

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

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

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 2016	Movement	Balance at 31 March 2016
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 period are as follows:

	2016		2015	
	Number of options	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$
Outstanding at the beginning of the period	121,690,385	0.133	121,690,385	0.133
Outstanding at the end of the period	121,690,385	0.133	121,690,385	0.133
Exercisable at the end of the period	121,690,385	0.133	121,690,385	0.133

Name or category of participant	Number of share options				
	At 1 January 2016 '000	Granted during the period '000	Exercised during the period '000	Lapsed during the period '000	At 31 March 2016 '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

10. SHARE CAPITAL

	Number of shares		Nominal value			
	2016	2015	2016		2015	
	'000	'000	HK\$'000	RMB'000	HK\$'000	RMB'000
Ordinary shares of HK\$0.05 each						
Authorised:						
At 1 January and 31 March	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	1,935,900	96,795	86,973	96,795	86,973
Shares issued upon placing	75,600	–	3,780	3,203	–	–
At 31 March	2,011,500	1,935,900	100,575	90,176	96,795	86,973

Pursuant to a resolution passed at a meeting of the board of directors of the Company on 29 March 2016, an aggregate of 75,600,000 new shares at the placing price of HK\$0.111 per placing share were issued to not less than six placees was approved. The placing was completed on 31 March 2016 and a total of 75,600,000 new shares were issued, resulting in gross proceeds of approximately RMB7,111,525 (equivalent to HK\$8,391,600) before expenses. Transaction costs directly attributable to the placing amounted to approximately RMB199,474 shall be recognised in the share premium account of the Company.

Review of Operation

During the period under review, turnover for the sales of electronic car-parking hardware and software and systems upgrade services was approximately RMB85,000 (2015: RMB667,000), representing a decrease of approximately 87% over the last corresponding period. The hardware and software of the electronic payment systems developed and produced by the Group were sold to Guangzhou. The Group continued to exercise prudent cost control measures by implementing tight expenses measures in its operations. The unaudited operating expenditures amounted to approximately RMB2.65 million during the period under review.

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”)* (武漢站亦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.

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 focus on the development of the electronic payment system and the electrical charging facilities for new energy vehicles 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.

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 were independent third parties. On 23 March 2016, a supplemental agreement was entered into between the Company and the placing agent pursuant to which the number of placing shares was reduced to a maximum of 75,600,000 new shares. The placing shares were issued under the general mandate granted to the Directors at the AGM held on 13 April 2015. The 75,600,000 placing shares represented approximately 3.91% of the existing issued share capital of the Company and approximately 3.76% of the enlarged issued share capital of the Company. Based on the estimated expenses for the placing, the net price was approximately HK\$0.108 per placing share. The gross proceeds of the placing amounted to approximately HK\$8.4 million (equivalent to approximately RMB7.1 million) and the net proceeds amounted to approximately HK\$8.15 million (equivalent to approximately RMB6.9 million). The Company shall apply all the net proceeds from the placing for partial repayment of the existing shareholder's loan of the Company in the amount of RMB10 million. Details are set out in the Company's announcements dated 9 March 2016 and 23 March 2016 respectively.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2016.

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 March 2016, the interest of the Directors and the chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.40 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

Interests and short positions of the Directors or chief executives in the shares, underlying shares and debentures of the Company and its associated corporations

(a) Interests in share options

Name	Type of interests	Outstanding shares option as at 31 March 2016	Approximate percentage of the underlying shares to the share capital of the Company as at 31 March 2016
Li Sui Yang	Personal	14,584,616	0.73%
Fok Ho Yin Thomas	Personal	14,584,616	0.73%
Hu Hai Yuan	Personal	9,115,385	0.45%
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 March 2016, none of the Directors or chief executive of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Directors' Rights to Acquire Shares

Save as disclosed herein, at no time during the period was the Company 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.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2016, 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		14.26%
World Radiance Limited (Note 2)	Beneficiary owner	294,900,000		14.66%
Mr. Chin Ying Hoi			18,002,885	0.89%
Link Chance Investment Limited (Note 3)	Beneficiary owner	128,470,000		6.39%

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 March 2016, the Directors were not aware of any other person who had an interests or short position in the shares or underlying shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the three months ended 31 March 2016.

Competing Interests

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

The Code of Corporate Governance Practices

The Company had complied, throughout the three months ended 31 March 2016, with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 to the GEM Listing Rules.

Audit Committee

An audit committee was established with written terms of reference in compliance with the requirements of the GEM Listing Rules. The primary duties of the audit committee are to review and provide supervision over the financial reporting process and internal control system of the Group. The audit committee comprises three independent non-executive directors, Mr. Qu Xiao Guo, Mr. Zhang Xiao Jing and Ms. Tung Fong. The Group's unaudited consolidated results for the three months ended 31 March 2016 have been reviewed by the audit committee.

Directors' Securities Transaction

The Company has adopted a code of conduct regarding securities transaction by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 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 period under review.

Specific employees who are likely to be possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Code of Conduct. No incident of non-compliance was noted by the Company for the period ended 31 March 2016.

Appreciation

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

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

Hong Kong
27 April 2016

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

Jian ePayment Systems Limited
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