



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

Interim Report

中期報告



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

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This report, for which the directors (the “Directors”) of Jian ePayment Systems Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Highlights

- Turnover for the six months ended 30 June 2016 was approximately RMB1.56 million (2015: RMB0.91 million), representing an increase of approximately 71% 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 RMB15 million for the six months ended 30 June 2016.
- Loss per share amounted to RMB0.008 for the six months ended 30 June 2016.

Results

The Board of Directors (the “Board”) of Jian ePayment Systems Limited, together with its subsidiaries (the “Group”), is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2016 with the comparative figures for the corresponding period in 2015.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	Six months ended 30 June		Three months ended 30 June	
		2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Revenue	6	1,560	909	1,474	242
Cost of goods sold and services rendered		(1,048)	(635)	(1,031)	(209)
Gross profit		512	274	443	33
Other income		53	32	(56)	8
Distribution costs		(228)	(254)	(114)	(89)
Administrative expenses		(14,617)	(5,241)	(11,969)	(2,805)
Loss from operations		(14,280)	(5,189)	(11,696)	(2,853)
Finance costs		(672)	–	(672)	–
Loss before tax		(14,952)	(5,189)	(12,368)	(2,853)
Income tax expense	8	(50)	–	(50)	–
Loss and total comprehensive income for the period attributable to owners of the Company	7	(15,002)	(5,189)	(12,418)	(2,853)
Loss per share					
Basic	10	(RMB0.008)	(RMB0.003)	(RMB0.006)	(RMB0.001)
Diluted	10	N/A	N/A	N/A	N/A

Condensed Consolidated Statement of Financial Position

AT 30 JUNE 2016

	<i>Note</i>	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	4,938	4,912
Goodwill	16	3,288	–
		8,226	4,912
Current assets			
Inventories		110	110
Trade and other receivables	12	2,257	848
Bank and cash balances		4,568	13,261
		6,935	14,219
Current liabilities			
Trade and other payables	13	6,992	6,004
Due to a related company	17	10	10
		7,002	6,014
Net current (liabilities)/assets		(67)	8,205
Total assets less current liabilities		8,159	13,117

	<i>Note</i>	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Non-current liabilities			
Loan from a shareholder	14	–	9,328
NET ASSETS		8,159	3,789
Capital and reserves			
Share capital	15	92,441	86,973
Reserves		(84,282)	(83,184)
TOTAL EQUITY		8,159	3,789

Approved by the Board of Directors on 12 August 2016 and signed on its behalf by:

Li Sui Yang
Director

Tan Wen
Director

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	(Unaudited)							Total equity/(capital deficiency) RMB'000
	Share capital RMB'000	Share premium account RMB'000	Capital reserves RMB'000	General reserve fund RMB'000	Enterprise expansion fund RMB'000	Option reserve RMB'000	Accumulated losses RMB'000	
At 1 January 2015	86,973	57,073	6,304	2,870	1,435	5,251	(145,266)	14,640
Total comprehensive income for the period	-	-	-	-	-	-	(5,189)	(5,189)
Changes in equity for the period	-	-	-	-	-	-	(5,189)	(5,189)
At 30 June 2015	86,973	57,073	6,304	2,870	1,435	5,251	(150,455)	9,451
At 1 January 2016	86,973	57,073	6,976	2,870	1,435	5,251	(156,789)	3,789
Placing of shares	3,155	3,583	-	-	-	-	-	6,738
Issue of shares for acquisition of a subsidiary	2,313	3,884	-	-	-	-	-	6,197
Share-based payments	-	-	-	-	-	6,437	-	6,437
Total comprehensive income for the period	-	-	-	-	-	-	(15,002)	(15,002)
Changes in equity for the period	5,468	7,467	-	-	-	6,437	(15,002)	4,370
At 30 June 2016	92,441	64,540	6,976	2,870	1,435	11,688	(171,791)	8,159

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(8,235)	(6,974)
Acquisition of a subsidiary	2,835	–
Purchases of property, plant and equipment	(34)	(37)
Other investing cash flows (net)	3	32
NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES	2,804	(5)
Repayment of loan from a shareholder	(10,000)	–
Proceeds from placing of shares	7,005	–
Transaction costs paid upon placing	(267)	–
NET CASH USED IN FINANCING ACTIVITIES	(3,262)	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,693)	(6,979)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	13,261	15,940
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	4,568	8,961
REPRESENTED BY:		
Bank and cash balances	4,568	8,961

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2016

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Century Yard, Cricket Square, Hutchins Drive, P. O. Box 2681 GT, George Town, Grand Cayman, British West Indies. The address of its principal place of business is 84 Jing Bei Yi Lu, Economic and Technological Development District, Zhengzhou, Henan, the People's Republic of China (the "PRC"). The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are engaged in development and operation of integrated circuit and smart cards, back end electronic receipt/payment and data recording and processing software system; and manufacturing and distribution of the associated commercial application.

2. GOING CONCERN BASIS

The Group incurred a loss attributable to the owners of the Company of RMB15,002,000 for the six months ended 30 June 2016 and as at 30 June 2016 the Group had net current liabilities of RMB67,000. These conditions indicate the existence of an uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These condensed financial statements have been prepared on a going concern basis, the validity of which depends upon the further financing of the Company, at a level sufficient to finance the working capital requirements of the Group. On 8 August 2016, the Company entered into a loan agreement with a director of the Company, Mr. Wang Jiang Wei, for a loan of RMB10,000,000 to the Group. The loan bears an interest rate of 12% per annum and is repayable on 7 December 2017. After considering the working capital forecast of the Group for the next twelve months, the directors of the Company are of the opinion that the Group will be able to meet its financial obligations as they fall due and therefore it is appropriate to prepare the condensed financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets.

3. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The financial information relating to the year ended 31 December 2015 that is included in these unaudited condensed financial statements for the six months ended 30 June 2016 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 622(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has report on those consolidated financial statements. The auditor’s report was unqualified; did not included a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

These condensed financial statements should be read in conjunction with the 2015 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2015 except as stated below.

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2016. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed financial statements.

5. SEGMENT INFORMATION

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

6. REVENUE

	Six months ended 30 June		Three months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Sales of hardware, software and smart cards	1,543	853	1,457	203
Repair and maintenance services	17	56	17	39
	1,560	909	1,474	242

7. LOSS FOR THE PERIOD

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

	Six months ended 30 June		Three months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Depreciation of property, plant and equipment	8	257	4	121
Directors' remuneration	6,168	1,468	5,317	734
Equity-settled consultancy fees	4,734	–	4,734	–
Research and development costs	480	651	271	273
Interest income	(3)	(32)	(1)	(7)
Operating lease charges	365	411	170	247
Foreign exchange loss/(gain), net	300	(28)	300	(28)

8. INCOME TAX EXPENSE

	Six months ended 30 June		Three months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Current tax — PRC Provision for the period	50	–	50	–

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 six months and three months ended 30 June 2016 and 2015.

The tax rate applicable to the Group were 25% (2015: 25%) during the period.

9. DIVIDENDS

No dividend had been paid or declared by the Company during the period (2015: Nil).

10. LOSS PER SHARE

(a) Basic loss per share

	Six months ended 30 June		Three months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Earnings				
Loss for the purpose of calculating the basis loss per share	15,002	5,189	12,418	2,853
Number of shares				
Weighted average number of ordinary shares for the purpose of calculating basis loss per share	1,982,091,608	1,935,900,000	2,028,283,217	1,935,900,000

For the six months and three months ended 30 June 2016, the weighted average number of ordinary shares for the purpose of calculating the basis loss per share has been adjusted to reflect the effect of the placing of shares and issue of shares for acquisition of a subsidiary in March and June 2016 respectively, details of which are described in note 15 to the condensed consolidated financial statements.

(b) Diluted loss per share

No diluted loss per share are presented as the effects of all potential ordinary shares would be anti-dilutive for the three and six months, ended 30 June 2016 and 2015, respectively.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired property, plant and equipment of approximately RMB34,000 (2015: RMB37,000).

12. TRADE AND OTHER RECEIVABLES

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Trade receivables	1,627	276
Prepayments and other deposits	485	429
Other receivables	40	143
Tax receivables	105	–
	2,257	848

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

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

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Within 6 months	1,351	276
Within 6 to 12 months	276	–
Over 1 year	4,181	4,366
	5,808	4,642
Allowance for impairment losses	(4,181)	(4,366)
	1,627	276

13. TRADE AND OTHER PAYABLES

	<i>Note</i>	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Trade payables	<i>(a)</i>	2,073	835
Other payables	<i>(b)</i>	4,919	5,169
		6,992	6,004

(a) Trade payables

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

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Within 6 months	1,237	208
Within 6 to 12 months	193	–
Over 1 year	643	627
	2,073	835

(b) Other payables

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Business tax payable	32	32
VAT payable	–	53
Provision for staff and workers' bonus and welfare fund	458	498
Accruals for operating expenses	2,318	2,467
Salary and welfare payables	186	193
Others	1,925	1,926
	4,919	5,169

14. 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.

The loan was fully repaid during the six months period ended 30 June 2016.

15. SHARE CAPITAL

	30 June 2016		30 June 2015	
	HK\$'000 (unaudited)	RMB'000 (unaudited)	HK\$'000 (audited)	RMB'000 (audited)
Authorised:				
30,000,000,000 ordinary shares of HK\$0.05 each	1,500,000	1,264,706	1,500,000	1,264,706
Issued and fully paid:				
Ordinary shares of HK\$0.05 each	103,302	92,441	96,795	86,973

A summary of the movements in the issued share capital of the Company is as follows:

	Number of shares issued '000	Nominal value of shares issued	
		HK\$'000	RMB'000
At 1 January 2014	1,290,600	64,530	61,766
Shares issued upon open offer (<i>Note a</i>)	645,300	32,265	25,207
At 31 December 2015, 1 January 2016	1,935,900	96,795	86,973
Placing of shares (<i>Note b</i>)	75,600	3,780	3,155
Issue shares for acquisition of a subsidiary (<i>Note c</i>)	54,546	2,727	2,313
At 30 June 2016	2,066,046	103,302	92,441

Notes:

- (a) 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.
- (b) On 9 March 2016, the Company entered into a placing agreement in respect of the placement of 75,600,000 ordinary shares of HK\$0.05 per share to not less than six placees at a price of HK\$0.111 per share. The placement was completed on 31 March 2016 and the premium on the placing of shares amounting to RMB3,583,000 (equivalent to HK\$4,292,000), net of share issue expenses, was credited to the Company's share premium account.
- (c) On 4 March 2016, Right Ascent Development Limited, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with vendors for the acquisition of Top Systems Holdings Limited and its subsidiary. On 3 June 2016, completion of the acquisition took place and pursuant to the sale and purchase agreement, the Company issued 54,545,455 ordinary shares to the vendor as a settlement of the consideration for the acquisition. The fair value of 54,545,455 issued ordinary shares was approximately RMB6,197,000 (equivalent to approximately HK\$7,309,000) based on the closing market price of the Company's ordinary share at 3 June 2016 and the premium on the issued ordinary shares for the acquisition amounting to RMB3,884,000 (equivalent to HK\$4,582,000) was credited to the Company's share premium account.

16. ACQUISITION OF A SUBSIDIARY

On 3 June 2016, the Group acquired 100% of the issued share capital of Top Systems Holdings Limited by issuing 54,545,455 ordinary shares of the Company as consideration with a fair value of RMB\$6,197,000 which was determined on the basis of the closing market price of the Company's ordinary shares on the acquisition date. Top Systems Holdings Limited wholly owns Wuhan Zhanchi New Energy Technology Company Limited ("Wuhan Zhanchi"), 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 acquisition is part of the Group's strategy to expand its business.

The fair value of the identifiable assets and liabilities of Top Systems Holdings Limited and its subsidiary at the date of acquisition is as follows:

	RMB'000
Net assets acquired:	
Prepayments, deposits and other receivables	74
Bank and cash balances	2,835
	<hr/>
	2,909
Goodwill	3,288
	<hr/>
Satisfied by issuing the ordinary shares of the Company	6,197
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Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	2,835
	<hr/>

The goodwill arising on the acquisition of Top Systems Holdings Limited and its subsidiary is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination. Acquisition costs of RMB195,099 have been recognised in administrative expenses.

Wuhan Zhanchi contributed revenue of RMB1,457,000 and profit of RMB289,000 in the period between the date of acquisition and the end of the reporting period. If the acquisition had been completed on 1 January 2016, total Group revenue for the period would have been RMB1,560,000, and loss for the period would have been RMB14,419,995. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is intended to be a projection of future results.

17. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transaction with its related party during the period:

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Sales of hardware: Shanghai Bai Yu Lan Intelligent Transportation System Management Co., Ltd. <i>(Note)</i>	–	164

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

The amounts due from/to related companies are unsecured, non-interest bearing and repayable on demand.

18. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2016 (At 31 December 2015: RMB Nil).

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 12 August 2016.

Independent Review Report

The logo for RSM consists of three black rectangular bars of varying lengths stacked vertically to the left of the letters "RSM" in a bold, sans-serif font.

**TO THE BOARD OF DIRECTORS OF
JIAN ePAYMENT SYSTEMS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 3 to 17 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Emphasis of matter

Without qualifying our review conclusion, we draw to your attention to note 2 to the condensed consolidated financial statements which indicates that the Group incurred a loss attributable to the owners of the Company of RMB15,002,000 for the six months ended 30 June 2016 and as at 30 June 2016 the Group had net current liabilities of RMB67,000. These conditions indicate the existence of an uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Other matter

The condensed consolidated statement of comprehensive income for each of the three months ended 30 June 2016 and 2015, and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

RSM Hong Kong

Certified Public Accountants

Hong Kong

12 August 2016

Review of Financial Performance and Operation

During the period under review, revenue for the sales of electronic car-parking hardware and software and systems upgrade services was approximately RMB1,560,000 (2015: RMB909,000), representing an increase of approximately 71% over the last corresponding period. Loss and total comprehensive income for the period attributable to owners of the Company amounted to approximately RMB15,002,000 (2015: RMB5,189,000) and was mainly attributable to the one-off share option expenses and remuneration paid to the leaving directors during the period. The Group had continued to exercise prudent cost control measures by implementing tight expenses measures in its operations.

Review of Operation

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 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 was satisfied in full by the issue of 54,545,455 new shares to the Vendor upon completion on 3 June 2016 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 was 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 changing 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 and was completed on 31 March 2016. 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 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 million) and the net proceeds amounted to approximately HK\$8.15 million (equivalent to approximately RMB6.7 million). The Company applied 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.

Liquidity and Financial Resources

As at 30 June 2016, the Group had total assets of approximately RMB15.2 million and net current liabilities of approximately RMB67,000. The Group's current ratio, being a ratio of current assets to current liabilities, was 0.99.

The Group generally finances its operations with internally generated cash flows. As at 30 June 2016, the Group had cash and bank balances of approximately RMB4.6 million. Cost control measures have already been in place to monitor the day-to-day operational and administrative expenses. The management will continue to closely review the Group's financial resources in a cautious manner and explore opportunities in potential financial institutions financing and equity funding. Taking into consideration the Group's current financial resources, the directors believe that the Group shall have adequate fund for its continual operation and development.

Charge on Group's Assets

The Group did not have any charge on its assets as at 30 June 2016.

Exchange Rate Exposure

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollar or Renminbi. As the exchange rates of Hong Kong dollar and Renminbi were relatively stable during the period, the Group was not exposed to material foreign exchange risk.

Income Tax

Details of the treatment of the Group's income tax expense for the period ended 30 June 2016 are set out in note 8 to the condensed consolidated financial statements.

Human Resources

As at 30 June 2016, the Group had approximately 18 employees (2015: 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 30 June 2016.

Significant Investments

The Group had no significant investment for the period ended 30 June 2016.

Share Options

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

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

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

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

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

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

As a result of the completion of the open offer in 2014 and pursuant to (i) the New Scheme; and (ii) the supplementary guidance issued by Stock Exchange on 5 September 2005 regarding adjustment of share options under Rule 23.03(13) of the GEM Listing Rules, the exercise price of the outstanding share options granted by the Company (the "Share Options") and the total number of shares of the Company comprised in the outstanding Share Options which may be allotted and issued upon exercise of all such Share Options thereunder were adjusted.

Details of specific categories of options are as follows:

Grantee	Date of grant	Vesting period	Exercise period	Adjusted Exercise price HK\$	No. of share options outstanding
Directors, employees and others	18 May 2009	N/A	18 May 2009 to 17 May 2019	0.136	77,480,769
Directors and others	1 June 2010 (A)	N/A	1 June 2010 to 31 May 2020	0.129	22,104,808
Directors and others	1 June 2010 (B)	1 June 2010 to 31 May 2011	1 June 2011 to 31 May 2020	0.129	22,104,808
Directors, employees and others	10 May 2016	N/A	16 May 2016 to 14 May 2026	0.150	110,000,000

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
Granted during the period	110,000,000	0.150	–	–
Outstanding at the end of the period	231,690,385	0.137	121,690,385	0.133
Exercisable at the end of the period	231,690,385	0.137	121,690,385	0.133

Name or category of participant	At	Granted during the period	Number of share options			At
	1 January 2016		Exercised during the period	Lapsed during the period	Reclassification during the period	30 June 2016
	'000	'000	'000	'000	'000	'000
Directors						
Li Sui Yang	14,585	-	-	-	-	14,585
Hu Hai Yuan	9,115	2,000	-	-	-	11,115
Wang Jiang Wei	-	20,000	-	-	-	20,000
Huang Zhang Hui (Note i)	-	20,000	-	-	-	20,000
Guo Shi Zhan (Note ii)	-	20,000	-	-	-	20,000
Zhang Xiao Jing (Note ii)	912	2,000	-	-	(2,912)	-
Tung Fong (Note iii)	912	2,000	-	-	(2,912)	-
Qu Xiao Guo (Note iii)	912	2,000	-	-	(2,912)	-
Tang Hao (Note iv)	-	2,000	-	-	-	2,000
Fok Ho Yin Thomas (Note v)	14,585	-	-	-	-	14,585
Employees other than directors						
In aggregate	9,115	-	-	-	-	9,115
Other participants						
In aggregate	71,554	40,000	-	-	8,736	120,290
	121,690	110,000	-	-	-	231,690

Note:

- (i) Appointed on 1 June 2016
- (ii) Resigned on 20 June 2016
- (iii) Resigned on 29 June 2016
- (iv) Resigned on 6 July 2016
- (v) Resigned on 1 August 2016

The options outstanding at the end of the year have a weighted average remaining contractual life of 6.40 years (2015: 4.26 years) and the exercise price are ranging from HK\$0.129 to HK\$0.150 (2015: HK\$0.129 to HK\$0.136). The estimated fair values of the options granted on 18 May 2009, 1 June 2010 and 10 May 2016 are determined using the Binomial pricing model, Black-Scholes option pricing model and Binomial pricing model respectively. The estimated fair values and significant inputs into the models are as follows:

	Share options grant date			
	10 May 2016	1 June 2010 (A)	1 June 2010 (B)	18 May 2009
Option price model	Binomial	Black-Scholes	Black-Scholes	Binomial
Estimated fair value at the measurement date	RMB6,436,995 HK\$7,642,000	RMB1,135,000 HK\$1,283,000	RMB1,159,000 HK\$1,310,000	RMB3,652,000 HK\$4,149,000
No. of options granted at the grant date	110,000,000	19,400,000	19,400,000	84,000,000
Weighted average share price at the measurement date	HK\$0.139	HK\$0.144	HK\$0.144	HK\$0.130
Weighted average exercise price	HK\$0.150	HK\$0.147	HK\$0.147	HK\$0.155
Expected volatility	72.61%	58.92%	54.13%	64.41%
Expected life	10 years	5 years	6 years	10 years
Risk free rate	1.716%	1.597%	1.863%	2.205%
Expected dividend yield	Nil	Nil	Nil	Nil

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 10 years. The expected life used in the models has been adjusted, based on the Company's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 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 30 June 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 30 June 2016	Approximate percentage of the underlying shares to the share capital of the Company as at 30 June 2016
Li Sui Yang	Personal	14,584,616	0.71%
Fok Ho Yin Thomas	Personal	14,584,616	0.71%
Hu Hai Yuan	Personal	11,115,385	0.54%
Tang Hao	Personal	2,000,000	0.1%
Wang Jiang Wei	Personal	20,000,000	0.97%
Huang Zhang Hui	Personal	20,000,000	0.97%
Guo Shi Zhan	Personal	20,000,000	0.97%

Save as disclosed above, as at 30 June 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, its subsidiaries or a party to any arrangements to enable any of the Company's directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company.

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

As at 30 June 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	Number of Share options	Percentage of holding
Oriental Patron Derivatives Limited (Note 1)	286,800,000	13.88%
Pacific Top Holding Limited (Note 1)	36,950,000	1.79%
World Radiance Limited (Note 2)	294,900,000	14.27%
Mr. Chin Ying Hoi (Note 3)	18,002,885	0.87%
Link Chance Investment Limited (Note 4)	128,470,000	6.22%

Notes:

1. Oriental Patron Derivatives Limited and Pacific Top Holding Limited are wholly owned by Oriental Patron Financial Services Group Limited, which is in turn 95% beneficially owned by Oriental Patron Financial Group Limited. Oriental Patron Financial Group Limited is 51% and 49% beneficially owned by Mr. Zhang Zhi Ping and Mr. Zhang Gaobo respectively.
2. World Radiance Limited is wholly owned by Chang Yao Investments Limited, which is in turn 100% beneficially owned by Mr. Chin. 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. Mr. Chin Ying Hoi had 18,002,885 options for subscription of the Shares.
4. Link Chance Investment Limited is a wholly-owned subsidiary of Link Chance Investment (Hong Kong) Limited, which is in turn 100% owned by Searainbow Holding Corporation. Based on the information available, Searainbow Holding Corporation is a company listed on Shenzhen Stock Exchange (Stock Code: 000503).

Save as disclosed above, as at 30 June 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 period ended 30 June 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

Save as disclosed in (1) below, the Company had complied, throughout the six months ended 30 June 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.

(1) Non-Compliance with the Gem Listing Rules 5.05, 5.28 and 5.34

The Company currently has only one independent non-executive director following the retirement of Mr. Qu Xiao Guo and Ms. Tung Fung on 29 June 2016. Under Rules 5.05(1), 5.05(2), 5.05A, 5.28 and 5.34 of the GEM Listing Rules, the number of independent non-executive directors falls below the minimum number as required. To comply with the requirements under the GEM Listing Rules, the Company will endeavour to identify suitable candidates to fill up the vacancies as soon as practicable and in any event within three months as required under Rules 5.06, 5.33 and 5.36 of the GEM Listing Rules.

(2) Board composition and Board Practices

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders value. As at the date of publishing the Company's interim report, the Board consists of a total of six Directors, comprising two executive Directors, three non-executive Directors and one independent non-executive Director.

(3) 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 currently comprises one independent non-executive Director, Mr. Guo Shi Zhan. The Group's unaudited consolidated results for the six months ended 30 June 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 5.46 to 5.68 of the GEM Listing Rules. The Company had also made specific enquiry to all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the period under review. Specific employees who are likely to be possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Code of Conduct. No incident of non-compliance was noted by the Company for the six months ended 30 June 2016.

Appreciation

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

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

Hong Kong
12 August 2016

As at the date of this report, the executive directors of the Group are Mr. Li Sui Yang and Mr. Tan Wen; the non-executive directors of the Group are Mr. Wang Jiang Wei, Mr. Hu Hai Yuan and Mr. Huang Zhang Hui; and the independent non-executive director of the Group are Mr. Guo Shi Zhan.

Jian ePayment Systems Limited
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