



# 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

## Third Quarterly Report 第三季度業績報告



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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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

## HIGHLIGHTS

- Turnover for the nine months ended 30 September 2016 was approximately RMB1.819 million (2015: RMB2.727 million) which represented a decrease of approximately 33% 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 RMB19.207 million for the nine months ended 30 September 2016 (2015: RMB7.485 million).
- Loss per share amounted to RMB0.0096 for the nine months ended 30 September 2016 (2015: RMB0.0038).

# UNAUDITED CONSOLIDATED RESULTS

The Board of Directors (the “Board”) of Jian ePayment Systems Limited, together with its subsidiaries (the “Group”), announces the unaudited consolidated results of the Group for the nine months ended 30 September 2016 with the comparative figures for the corresponding period in 2015.

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

	Note	For the nine months ended 30 September		For the three months ended 30 September	
		2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
<b>Revenue</b>	4	<b>1,819</b>	2,727	<b>259</b>	1,818
Cost of goods sold and services rendered		<b>(1,389)</b>	(2,059)	<b>(341)</b>	(1,424)
<b>Gross profit</b>		<b>430</b>	668	<b>(82)</b>	394
Other income		<b>229</b>	38	<b>176</b>	6
Distribution costs		<b>(470)</b>	(340)	<b>(242)</b>	(86)
Administrative expenses		<b>(19,396)</b>	(7,851)	<b>(4,781)</b>	(2,610)
<b>Loss from operations</b>		<b>(19,207)</b>	(7,485)	<b>(4,929)</b>	(2,296)
Finance costs		–	–	<b>674</b>	–
<b>Loss before tax</b>		<b>(19,207)</b>	(7,485)	<b>(4,255)</b>	(2,296)
Income tax expense		–	–	<b>50</b>	–
<b>Loss and total comprehensive income for the period attributable to owners of the Company</b>		<b>(19,207)</b>	(7,485)	<b>(4,205)</b>	(2,296)
<b>Loss per share</b>					
Basic	6	<b>RMB0.0096</b>	RMB0.0038	<b>RMB0.0020</b>	RMB0.0011
Diluted	6	<b>N/A</b>	N/A	<b>N/A</b>	N/A

**Li Sui Yang**  
Director

**Luo Ze Min**  
Director

# Condensed Consolidated Statement of Changes in Equity

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

	(Unaudited)							
	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	Total equity/(capital deficiency) 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	-	-	-	-	-	-	(7,485)	(7,585)
Changes in equity for the period	-	-	-	-	-	-	(7,485)	(7,485)
At 30 September 2015	86,973	57,073	6,304	2,870	1,435	5,251	(152,751)	7,115
At 1 January 2016	<b>86,973</b>	<b>57,073</b>	<b>6,976</b>	<b>2,870</b>	<b>1,435</b>	<b>5,251</b>	<b>(156,789)</b>	<b>3,789</b>
Placing of shares	<b>3,155</b>	<b>3,583</b>	-	-	-	-	-	<b>6,738</b>
Issue of shares for acquisition of a subsidiary	<b>2,313</b>	<b>3,884</b>	-	-	-	-	-	<b>6,197</b>
Share-based payments	-	-	-	-	-	<b>6,437</b>	-	<b>6,437</b>
Total comprehensive income for the period	-	-	-	-	-	-	(19,207)	(19,207)
Changes in equity for the period	<b>5,468</b>	<b>7,467</b>	-	-	-	<b>6,437</b>	(19,207)	<b>165</b>
At 30 September 2016	<b>92,441</b>	<b>64,540</b>	<b>6,976</b>	<b>2,870</b>	<b>1,435</b>	<b>11,688</b>	<b>(175,996)</b>	<b>3,954</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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, Zhengzhou Economic and Technological Development Zone, 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 development and operation of integrated circuit and smart cards, back end electronic receipt/payment and data recording and processing software system; and manufacturing and marketing of the associated commercial applications.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for the accounting year beginning from 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.

## 3. SEGMENT INFORMATION

The Group is engaged in a relatively simple line of business, namely development and operation of integrated circuit and smart cards, back end electronic receipt/payment and data recording and processing software system; and manufacturing and marketing of the associated commercial application. In-depth development of the Group's business is reflected in the consolidated financial statements. Accordingly, no operating segment information is presented.

#### 4. REVENUE

	Nine months ended 30 September		Three months ended 30 September	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Sales of hardware, software and smart cards	1,491	2,671	–	1,818
Technical consulting services	328	56	259	–
	<b>1,819</b>	2,727	<b>259</b>	1,818

#### 5. INCOME TAX EXPENSE

	Nine months ended 30 September		Three months ended 30 September	
	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 profit taxes in the Cayman Islands, the British Virgin Islands or Hong Kong was made as the Group had no assessable profits arising in or derived from those jurisdictions for the three months and nine months ended 30 September 2016 and 2015.

The tax rate applicable to the Group is 25% (2015: 25%) for the period.

#### 6. DIVIDENDS

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

## 7. LOSS PER SHARE

### (a) Basic loss per share

	Nine months ended 30 September		Three months ended 30 September	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
<b>Earnings</b>				
Loss for the purpose of calculating the basic loss per share	19,207	7,485	4,205	2,296
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	2,010,280,491	1,935,900,000	2,066,045,455	1,935,900,000

For the nine months and three months ended 30 September 2016, the weighted average number of ordinary shares for the purpose of calculating the basic loss per share has been adjusted to reflect the effect of the placing of shares and issue of shares for the acquisition of a subsidiary in March and September 2016 respectively.

### (b) Diluted loss per share

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



## 8. SHARE CAPITAL

	30 September 2016		30 September 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	<b>1,500,000</b>	<b>1,264,706</b>	1,500,000	1,264,706
Issued and fully paid: Ordinary shares of HK\$0.05 each	<b>103,302</b>	<b>92,441</b>	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 of shares for the acquisition of a subsidiary ( <i>Note c</i> )	54,546	2,727	2,313
At 30 September 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 held on 6 October 2014, an issue of shares by the Company at a price of HK\$0.05 per share, payable in full on the acceptance, on the basis of one share for every two shares then held by the qualifying shareholders on the record date (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 raising proceeds of approximately RMB25,207,000 (equivalent to HK\$32,265,000), before expenses, for the Company.
- (b) On 9 March 2016, the Company entered into a placing agreement in respect of the placing of 75,600,000 ordinary shares of HK\$0.05 each to not less than six placees at a price of HK\$0.111 per share. The placing 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 the vendor for the acquisition of Top System 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 the 54,545,455 ordinary shares issued was approximately RMB6,197,000 (equivalent to approximately HK\$7,309,000) based on the closing price of the Company's ordinary share on 3 June 2016 and the premium on the ordinary shares issued for the acquisition amounting to RMB3,884,000 (equivalent to HK\$4,582,000) was credited to the Company's share premium account.

## 9. CONTINGENT LIABILITIES

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

## 10. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 11 November 2016.

## Review of Financial Performance and Operation

During the period under review, revenue for the sales of electronic car-parking hardware, software and their derivative intellectual property services or “IP services” was approximately RMB1,819,000 (2015: RMB2,727,000), representing a decrease of approximately 33% over the last corresponding period. Loss and total comprehensive income for the period attributable to owners of the Company amounted to approximately RMB19,207,000 (2015: RMB7,485,000) and was mainly attributable to the one-off share option expenses and remuneration paid to the departing directors during the period. The Group continued to exercise prudent cost control measures by implementing tight expenses measures in its operations.

## Review of Operation

In 2016, Zhengzhou Jian-O’ Yuan ITS Systems Co. Ltd. (“Zhengzhou Jian-O’ Yuan”) (“鄭州華普奧原公司”), the main operating entity of the Group, continued to strive in sales and marketing of electronic car-parking facilities and software. However, due to ceases in marketing campaigns and ineffective business expansion, the revenue of Zhengzhou Jian-O’ Yuan remained low. Year-to-date up to the end of September 2016, the revenue of Zhengzhou Jian-O’ Yuan amounted to RMB0.34 million, of which RMB0.17 million was recorded during the period from June to September.

With over 10 years of development, Zhengzhou Jian-O’ Yuan has accumulated unique experience and customer base in respect of its electronic car-parking software development business. It proactively explored new ways of technical enhancement and direction for further development in the market. In June 2016, Zhengzhou Jian-O’ Yuan reallocated its resources and established a wholly-owned subsidiary, namely Shenzhen Zhitong Tianxia Technical Services Company Limited\* (“Shenzhen Zhitong Tianxia”) (深圳市智通天下科技服務有限公司) in Shenzhen. Given its competitive edge, strategic location at one of the most developed regions of market economy in Mainland China and extensive business contacts, Shenzhen Zhitong Tianxia is dedicated to materialize business transformation and generate growth in revenue.

Shenzhen Zhitong Tianxia is a PRC-incorporated domestic enterprise wholly owned by Zhengzhou Jian-O’ Yuan with a registered capital of RMB10 million. Integrating on the Group’s own technological expertise, experiences and resources, Shenzhen Zhitong Tianxia has implemented many encouraging incentives in recruiting renowned experts in IP services, and actively explored ways to increase revenue and enhance the core competitiveness of the Group’s electronic car-parking intellectual property rights business.

Since July 2016, Shenzhen Zhitong Tianxia has established its management team, rapidly commencing business planning and expanded customer base through the intellectual property rights business derived from electronic car-parking software and management business. As at September 2016, Shenzhen Zhitong Tianxia realized revenue of RMB0.24 million and would continue to augment income and contribute to the business growth of the Group.

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 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 million (equivalent to HK\$6 million). The consideration for the acquisition was satisfied in full by the issue of 54,545,455 new shares at a price of HK\$0.11 per share to the vendor upon completion on 3 June 2016.

Wuhan Zhanchi New Energy Technology Company Limited (“Wuhan Zhanchi”) (「武汉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 for 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 RMB3.0 million (equivalent to HK\$3.6 million) as at 29 February 2016 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, principally engaged in the research and development, production and sale of electronic charging facilities and management system for charging network and providing tailor-made solutions for companies whose business is related to new energy vehicles.

Looking forward, the Group will continue the development of its existing businesses 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 keen market competition. The Group would mark Shenzhen Zhitong Tianxia as a starting point to invest more of its resources in new business, and focus its efforts in boosting the growth in revenue of the Group. The Group will also grasp every opportunity to 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 the exercise 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, 23 March 2016 and 9 June 2016 respectively.

## 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 lapsed and were cancelled automatically.

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 for 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 the date of grant.

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 the 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 Share 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 Share Options	Weighted average exercise price HK\$	Number of Share 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	Number of Share Options					
	At 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	Reclassification during the period	At 30 September 2016
	'000	'000	'000	'000	'000	'000
<b>Directors</b>						
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 i)	–	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)	–
<b>Employees other than directors</b>						
In aggregate	9,115	–	–	–	–	9,115
<b>Other participants</b>						
In aggregate	71,554	40,000	–	–	25,321	136,875
	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 Share 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 prices are ranging from HK\$0.129 to HK\$0.150 (2015: HK\$0.129 to HK\$0.136). The estimated fair values of the Share 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 Share 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 nine months ended 30 September 2016.



## Directors' and Chief Executives' Interests or Short Positions in the Shares, Underlying Shares or Debentures of the Company or Any Associated Corporations

As at 30 September 2016, the interest of the Directors and the chief executives 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 required to be 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 Rule 5.46 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

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

#### (a) Interests in share options

Name	Type of interests	Outstanding Shares Option as at 30 September 2016	Approximate percentage of the underlying shares to the share capital of the Company as at 30 September 2016
Li Sui Yang	Personal	14,584,616	0.71%
Hu Hai Yuan	Personal	11,115,385	0.54%
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 September 2016, none of the Directors or chief executives 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 any person a party to any arrangements to enable any of the Company's directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company.

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

As at 30 September 2016, the following persons, other than the Directors or chief executives 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 Share 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 September 2016, the Directors were not aware of any other person who had interests or short positions in the shares or underlying shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

## Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the period ended 30 September 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 nine months ended 30 September 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 Rules 5.05(1), 5.05(2), 5.05A, 5.28 and 5.34 of the GEM Listing Rules**

The Company had 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 fell below the minimum number as required. Following the appointments of Mr. Luo Ze Min and Dr. Xia Ting Kang as independent non-executive directors of the Company on 20 September 2016, the Company became in compliance with the relevant requirements under Rules 5.05(1), 5.05(2), 5.05A, 5.28 and 5.34 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 third quarterly report, the Board consists of a total of seven Directors, comprising one executive Director, three non-executive Directors and three independent non-executive Directors.

## **(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 three independent non-executive Directors, namely Mr. Luo Ze Min, Mr. Xia Ting Kang and Mr. Guo Shi Zhan. The Group’s unaudited consolidated results for the nine months ended 30 September 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 have possession of unpublished price-sensitive information of the Group are also subject to compliance with the same code of conduct. No incident of non-compliance was noted by the Company for the nine months ended 30 September 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. I would also like to express my appreciation to the retiring directors' contributions to the Company during various periods. 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  
11 November 2016

*As at the date of this report, the executive director of the Group is Mr. Li Sui Yang; 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 directors of the Group are Mr. Guo Shi Zhan, Mr. Luo Ze Min, Dr. Xia Ting Kang.*

**Jian ePayment Systems Limited**  
**華 普 智 通 系 統 有 限 公 司**

Suite 1501A, 15/F, Tower 1, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong  
香港九龍尖沙咀廣東道33號中港城第1期15樓1501A室

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