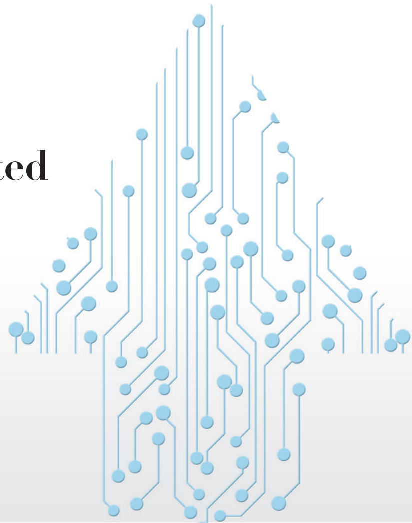
Jian ePayment Systems Limited

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



2017

Interim Report

中期報告

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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.

Corporate Information

Non-executive Directors

Mr. Huang Zhang Hui *(Chairman)***
Mr. Hu Hai Yuan
Mr. Wang Jiang Wei***

Executive Directors

Mr. Li Sui Yang *(Chairman)**
Mr. Wang Jiang Wei***

Independent Non-executive Directors

Mr. Guo Shi Zhan
Mr. Luo Ze Min
Dr. Xia Ting Kang

Audit Committee

Mr. Luo Ze Min *(Chairman)*
Mr. Guo Shi Zhan
Dr. Xia Ting Kang

Remuneration Committee

Mr. Luo Ze Min *(Chairman)*
Mr. Guo Shi Zhan
Dr. Xia Ting Kang

Nomination Committee

Mr. Li Sui Yang *(Chairman)**
Mr. Luo Ze Min *(Chairman)***
Mr. Guo Shi Zhan
Dr. Xia Ting Kang

Chief Executive Officer

Mr. Li Sui Yang

Compliance Officer

Mr. Li Sui Yang*
Mr. Wang Jiang Wei**

Company Secretary

Mr. Liang Tien Tzu

Authorised Representatives

Mr. Li Sui Yang*
Mr. Wang Jiang Wei**
Mr. Liang Tien Tzu

Auditor

RSM Hong Kong, Certified Public Accountants
29th Floor, Lee Garden Two
28 Yun Ping Road, Causeway Bay, Hong Kong

Registered Office

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

Principal Place of Business

Suite 2204, 22/F, Building No. 1
Futian Fortune Plaza, 1394 East Hanghai Road
Zhenzhou, Henan, PRC

11/F, Hantang Plaza, Overseas Chinese Town
Shenzhen, PRC

Hong Kong Office

Suite 1501A, 15/F, Tower 1, China Hong Kong City
33 Canton Road, Tsim Sha Tsui
Kowloon, Hong Kong

Principal Banker

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited

Principal Registrars

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

Hong Kong Branch Registrars

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

Stock Code

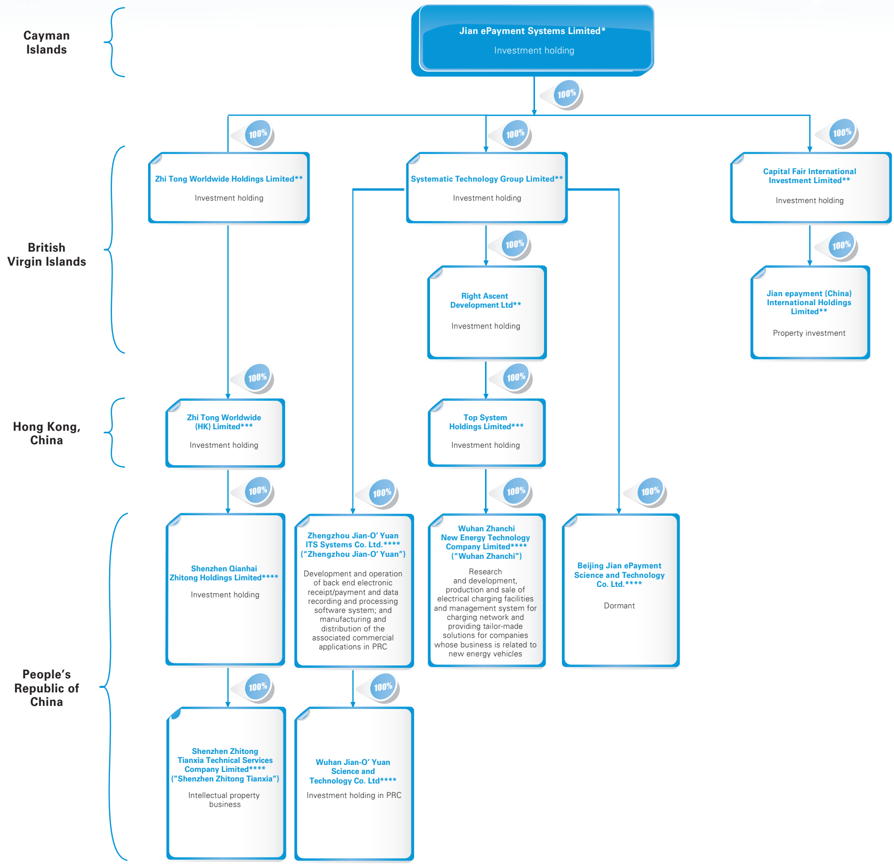
8165

Company Website

www.jianepayment.com

*	Retired on 25 May 2017
**	Appointed on 25 May 2017
***	Re-designated to Executive Director on 25 May 2017

Corporate Structure



* incorporated in Cayman Islands
** incorporated in British Virgin Islands
*** incorporated in Hong Kong, China
**** incorporated in the People's Republic of China

Highlights

- Turnover for the six months ended 30 June 2017 was approximately RMB2,740,000 (2016: RMB1,560,000), representing an increase of approximately 76% as compared to the corresponding period in 2016.

- Loss and total comprehensive income for the period attributable to owners of the Company amounted to approximately RMB2,760,000 for the six months ended 30 June 2017 (2016: RMB15,002,000), representing a decrease of 82% as compared to the corresponding period in 2016.

- Loss per share amounted to RMB0.001 for the six months ended 30 June 2017 (2016: RMB0.007), representing a decrease of 86% as compared to the corresponding period in 2016.

Independent Review Report

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 9 to 24 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2017 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 inquires, 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.

Other matter

The condensed consolidated statement of profit or loss and other comprehensive income for each of the three months ended 30 June 2017 and 2016, 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
7 August 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	Six months ended 30 June 2017 RMB'000 (unaudited)	Six months ended 30 June 2016 RMB'000 (unaudited)	Three months ended 30 June 2017 RMB'000 (unaudited)	Three months ended 30 June 2016 RMB'000 (unaudited)
Revenue	5	**2,740**	1,560	**1,964**	1,474
Cost of goods sold and services rendered		**(183)**	(1,048)	**(182)**	(1,031)
Gross profit		**2,557**	512	**1,782**	443
Other income		**19**	53	**13**	(56)
Other operating expenses		**(41)**	–	**(41)**	–
Distribution costs		**(216)**	(228)	**(119)**	(114)
Administrative expenses		**(4,397)**	(14,617)	**(2,170)**	(11,969)
Loss from operations		**(2,078)**	(14,280)	**(535)**	(11,696)
Finance costs		**(322)**	(672)	**(20)**	(672)
Loss before tax		**(2,400)**	(14,952)	**(555)**	(12,368)
Income tax expense	7	**(360)**	(50)	**(353)**	(50)
Loss and total comprehensive income for the period attributable to owners of the Company	6	**(2,760)**	(15,002)	**(908)**	(12,418)
			(Restated)		(Restated)
Loss per share					
Basic	9	**(RMB0.001)**	(RMB0.007)	**(RMB0.001)**	(RMB0.006)
Diluted	9	**N/A**	N/A	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

	Note	**30 June 2017 RMB'000 (unaudited)**	31 December 2016 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	*10*	**381**	481
Investment properties		**8,639**	8,639
Goodwill	*16*	**–**	–
Other intangible assets		**137**	66
Available-for-sale financial assets	*11*	**5,000**	–
		14,157	9,186
Current assets			
Trade and other receivables	*12*	**2,540**	1,032
Bank and cash balances		**7,501**	8,543
		10,041	9,575
Current liabilities			
Trade and other payables	*13*	**7,344**	7,477
Loan from a director	*14*	**–**	10,477
Due to a related company	*17*	**10**	10
Current tax liabilities		**537**	149
		7,891	18,113
Net current assets/(liabilities)		**2,150**	(8,538)
Total assets less current liabilities		**16,307**	648
NET ASSETS		**16,307**	648
Capital and reserves			
Share capital	*15*	**103,880**	92,441
Reserves		**(87,573)**	(91,793)
TOTAL EQUITY		**16,307**	648

Approved by the Board of Directors on 7 August 2017 and signed on its behalf by:

Luo Ze Min
Director

Wang Jiang Wei
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	(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	Property revaluation reserves RMB'000	Accumulated losses RMB'000	Total equity/ (capital deficiency) RMB'000
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
At 1 January 2017	**92,441**	**64,540**	**6,976**	**2,870**	**1,435**	**11,688**	**4,260**	**(183,562)**	**648**
Issue of shares under rights issue	**11,439**	**6,980**	**–**	**–**	**–**	**–**	**–**	**–**	**18,419**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,760)**	**(2,760)**
Changes in equity for the period	**11,439**	**6,980**	**–**	**–**	**–**	**–**	**–**	**(2,760)**	**15,659**
At 30 June 2017	**103,880**	**71,520**	**6,976**	**2,870**	**1,435**	**11,688**	**4,260**	**(186,322)**	**16,307**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	Six months ended 30 June 2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES		**(3,900)**	(8,235)
Purchase of available-for-sale financial assets		**(5,000)**	–
Acquisition of a subsidiary	*16*	**–**	2,835
Purchases of property, plant and equipment		**(20)**	(34)
Proceeds from disposal of property, plant and equipment		**4**	–
Purchases of other intangible assets		**(75)**	–
Other investing cash flows (net)		**7**	3
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(5,084)**	2,804
Repayment of loan from a shareholder		**–**	(10,000)
Repayment of loan from a director		**(10,477)**	–
Proceeds from placing of shares		**–**	7,005
Proceeds from rights issue		**19,087**	–
Share issue expenses paid		**(668)**	(267)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**7,942**	(3,262)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,042)**	(8,693)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		**8,543**	13,261
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		**7,501**	4,568
REPRESENTED BY:			
Bank and cash balances		**7,501**	4,568

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. 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 Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. 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. SIGNIFICANT ACCOUNTING POLICIES

These condensed financial statements should be read in conjunction with the 2016 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 2016. In addition, the Group had applied the following accounting policy for available-for-sale financial assets purchased during the period.

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

4. FAIR VALUE MEASUREMENT

Except as disclosed below, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosure of level in fair value hierarchy at 30 June 2017

Description	Fair value measurements as at 30 June 2017 Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total 2017 RMB'000
Recurring fair value measurements:				
Investment properties				
Residential unit				
— Hong Kong	**–**	**–**	**8,639**	**8,639**
Total	**–**	**–**	**8,639**	**8,639**

Description	Fair value measurements as at 31 December 2016 Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total 2016 RMB'000
Recurring fair value measurements:				
Investment properties				
Residential unit				
— Hong Kong	–	–	8,639	8,639
Total	–	–	8,639	8,639

4. FAIR VALUE MEASUREMENT *(Continued)*

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Investment properties RMB'000
At 1 January 2016	–
Reclassified from property, plant and equipment	8,639
At 31 December 2016, 1 January 2017 and 30 June 2017	**8,639**

(c) Disclosure of valuation techniques and inputs used in fair value measurement at 30 June 2017

The fair value of the Group's investment properties is determined using the direct comparison approach assuming sale of properties in their existing state with vacant possession and by reference to recent comparable sales transactions as available in the market. Market price per square foot used, derived from the recent comparable sales with a range of RMB12,000 to RMB13,000 per square foot, represents the significant unobservable input. A significant increase/decrease in the market price would result in a significant increase/decrease in the fair value of the investment properties.

5. SEGMENT INFORMATION

The Group has two operating segments as follows:

1. Car parking systems — activities relating to development and operation of integrated circuit and smart cards, back end electronic receipt/payment and data recording and processing software system; manufacturing and distribution of the associated commercial application; and sales and marketing of intelligent parking equipment and software; provision of after-sales and maintenance services; and trading of electric vehicle charging facilities.

2. Intellectual property services — activities relating to licensing of patents and provision of consultancy service on intellectual property management.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in the Group's financial statements for the year ended 31 December 2016.

5. SEGMENT INFORMATION *(Continued)*

	Car parking systems RMB'000 (unaudited)	Intellectual property services RMB'000 (unaudited)	Total RMB'000 (unaudited)
6 months ended 30 June 2017			
Turnover from external customers	–	2,740	2,740
Segment (loss)/profit	(651)	967	316
3 months ended 30 June 2017			
Turnover from external customers	–	1,964	1,964
Segment (loss)/profit	(236)	896	660
As at 30 June 2017			
Segment assets	423	2,251	2,674
Segment liabilities	3,161	1,598	4,759
As at 31 December 2016			
Segment assets	541	547	1,088
Segment liabilities	3,233	1,415	4,648

	Six months ended 30 June 2017 RMB'000 (unaudited)	Three months ended 30 June 2017 RMB'000 (unaudited)
Reconciliations of segment profit or loss:		
Total profit of reportable segments	316	660
Unallocated amounts:		
Corporate expenses	(2,754)	(1,548)
Finance costs	(322)	(20)
Consolidated loss for the period	(2,760)	(908)

The Group was engaged in a single type of business that is car parking systems for the six months and three months ended 30 June 2016. It mainly included activities of development and operation of integrated circuit and smart cards, back end electronic receipt/payment and data recording and processing software system; manufacturing and distribution of the associated commercial application; and sales and marketing of intelligent parking equipment and software; provision of after-sales and maintenance services. Accordingly, no operating segment information is presented for the six months and three months ended 30 June 2016.

6. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging the following:

	Six months ended 30 June		Three months ended 30 June	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Loss on disposal of property, plant and equipment	**41**	–	**41**	–
Amortisation of intangible assets	**4**	–	**2**	–
Depreciation of property, plant and equipment	**75**	8	**37**	4
Directors' remuneration	**744**	6,168	**327**	5,317
Research and development costs	**239**	480	**195**	271
Operating lease charges	**615**	365	**305**	170
Foreign exchange loss, net	**18**	300	**18**	300

7. INCOME TAX EXPENSE

	Six months ended 30 June		Three months ended 30 June	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current tax — PRC				
Provision for the period	**360**	50	**353**	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 2017 and 2016.

The tax rate applicable to the PRC subsidiaries in the Group were 25% (2016: 25%) during the period.

8. DIVIDENDS

No dividend had been paid or declared by the Company during the period (2016: Nil).

9. LOSS PER SHARE

(a) Basic loss per share

	Six months ended 30 June		Three months ended 30 June	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Earnings				
Loss for the purpose of calculating the basis loss per share	**2,760**	15,002	**908**	12,418
Number of shares		(Restated)		(Restated)
Weighted average number of ordinary shares for the purpose of calculating basis loss per share	**2,252,006,422**	2,024,229,041	**2,324,301,136**	2,059,723,967

For the six months and three months ended 30 June 2016, the weighted average numbers of ordinary shares for the purpose of calculating the basis loss per share have been adjusted to reflect the effect of the rights issue of shares completed on 27 February 2017, 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 2017 and 2016, respectively.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property, plant and equipment of approximately RMB20,000 (2016: RMB34,000).

11. AVAILABLE-FOR-SALE FINANCIAL ASSET

	30 June 2017	31 December 2016
	RMB'000	RMB'000
	(unaudited)	(audited)
Unlisted equity securities, at cost	**5,000**	–

Unlisted equity securities with carrying amount of RMB5,000,000 (2016: Nil) were carried at cost as they do not have a quoted market price in an active market and their fair value cannot be reliably measured.

12. TRADE AND OTHER RECEIVABLES

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Trade receivables	**1,597**	130
Other receivables	**943**	902
	2,540	1,032

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 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Within 6 months	**1,547**	50
Within 6 to 12 months	**50**	–
Over 1 year	**4,377**	4,642
	5,974	4,692
Allowance for impairment losses	**(4,377)**	(4,562)
	1,597	130

13. TRADE AND OTHER PAYABLES

	Note	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Trade payables	*(a)*	**841**	844
Other payables	*(b)*	**6,503**	6,633
		7,344	7,477

13. TRADE AND OTHER PAYABLES *(Continued)*

(a) Trade payables

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

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Within 6 to 12 months	**–**	9
Over 1 year	**841**	835
	841	844

(b) Other payables

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Other tax payable	**32**	32
Provision for staff and workers' bonus and welfare fund	**345**	386
Accruals for operating expenses	**2,638**	2,563
Salary and welfare payables	**893**	435
Receipt in advance	**715**	1,269
Others	**1,880**	1,948
	6,503	6,633

14. LOAN FROM A DIRECTOR

The loan from a director is unsecured and repayable on 8 December 2017, bearing an interest rate of 12% per annum. The loan was fully repaid during the period.

15. SHARE CAPITAL

	30 June 2017 HK$'000 (unaudited)	30 June 2017 RMB'000 (unaudited)	31 December 2016 HK$'000 (audited)	31 December 2016 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	**116,215**	**103,880**	103,302	92,441

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	Nominal value of shares issued RMB'000
At 1 January 2016	1,935,900	96,795	86,973
Placing of shares *(Note a)*	75,600	3,780	3,155
Issue shares for acquisition of a subsidiary *(Note b)*	54,546	2,727	2,313
At 31 December 2016 and 1 January 2017	2,066,046	103,302	92,441
Issue of shares under rights issue *(Note c)*	258,255	12,913	11,439
At 30 June 2017	2,324,301	116,215	103,880

Notes:

(a) 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.

15. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(b) 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.

(c) On 21 December 2016, the Company entered into an underwriting agreement pursuant to which the Company appointed an underwriter to unconditionally underwrite all the underwritten shares subject to the terms and conditions set out in the underwriting agreement. The Company proposed to issue 258,255,681 rights shares at the subscription price of HK$0.086 per rights share payable in full on acceptance, on the basis of one rights share for every eight shares held by the qualifying shareholders on 27 January 2017. On 27 February 2017, the rights issue was completed and the premium on the issue of rights shares amounting to RMB6,980,000 (equivalent to HK$7,870,000), net of share issue expenses, 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 System Holdings Limited ("Top System") by issuing 54,545,455 ordinary shares of the Company as consideration with a fair value of RMB6,197,000 which was determined on the basis of the closing market price of the Company's ordinary shares on the acquisition date. Top System 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.

16. ACQUISITION OF A SUBSIDIARY *(Continued)*

The fair value of the identifiable assets and liabilities of Top System 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
	2,909
Goodwill	3,288
Satisfied by issuing the ordinary shares of the Company	6,197
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	2,835

The goodwill arising on the acquisition of Top System 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 during the six months period ended 30 June 2016.

Wuhan Zhanchi contributed revenue of approximately RMB1,457,000 and profit of RMB289,000 in the period between the date of acquisition and 30 June 2016. If the acquisition had been completed on 1 January 2016, total Group revenue for the six months ended 30 June 2016 would have been RMB1,560,000, and loss for the six months ended 30 June 2016 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.

Due to suspension of certain favourable government policies for electric vehicles and losses suffered by the cash generating unit of the goodwill subsequently, full impairment loss of RMB3,288,000 was recognised on the goodwill by the Group during the year ended 31 December 2016.

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	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expenses paid/payable to a director, Mr. Wang Jiang Wei	**322**	–

The balance due to a related company is unsecured, non-interest bearing and repayable on demand.

18. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2017 (At 31 December 2016: Nil).

19. NEW AND REVISED HKFRSS IN ISSUE BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted. The Group has not early adopted any new or amended standards that has been issued but is not yet effective.

The Group has no updates to the information provided in the last annual financial statements about the possible impacts of the new standards issued but not yet effective which may have a significant impact on the Group's consolidated financial statements.

20. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 7 August 2017.

Review of Financial Performance and Operation

During the period under review, the Group recorded an overall revenue of approximately RMB2,740,000 (corresponding period of 2016: RMB1,560,000), representing an increase of approximately 76% over the corresponding period of last year. Loss and total comprehensive income for the period attributable to owners of the Company amounted to approximately RMB2,760,000 (corresponding period of 2016: RMB15,002,000), representing a significant reduction of loss for the period which was mainly attributable to the Group's steady growth on the Intellectual Properties ("IP") consulting business, together with vigorous cost control measures by tightening expenditure in its operations.

Review of Operation

During the period under review, the Group continues to actively develop its business in the area of intellectual property rights and fruitful outcomes are beginning to emerge. At the same time, the Group also explored opportunities for investment in and development of the electronic car-parking segment, striving for increase in revenue. The Group engages principally in the businesses of: (i) Car parking systems: activities relating to development and operation of integrated circuit and smart cards, bank end electronic receipt/payment and data recording and processing software system; manufacturing and distribution of the associated commercial application; sales and marketing of smart car-parking facilities and software; provision of after-sale and maintenance service; and trading of electric vehicle charging facilities; and (ii) Intellectual property services: licensing of patents and provision of IP consultancy service. In recent years, the emergence of dominant electronic third-party payment gateways in China has a significant adverse impact on the Group's operating environment in the car-parking management software business, causing a substantial decline in the demand for its car-parking management software. However, this impact also greatly accelerated the speed of its diversification into the IP businesses.

The Group has diversified into IP business from car-parking management software development business due to issues involving copyright and protecting IP encountered in running of its car parking software business, it has gradually expanded to the integrated IP services business from the IP business relating to its original electronic car-parking segment by integrating resources and attracting industry's professionals to join the Group, with the aim to develop Shenzhen Zhitong Tianxia, a subsidiary of the Group, into the professional "integrated operator and service provider leveraging on IP portal" in the industry. Furthermore, in recent years, Shenzhen has transformed into a high-tech company hub of China or known as the Silicon Valley of China. As a result, many tech-companies have been established in and IP professionals have flowed into Shenzhen. Therefore, it is natural and advantageous for the Company to tap into these tech-IP needs and human resources in Shenzhen.

During the period under review, the Group has incorporated an investment and holding subsidiary in China, Shenzhen Qianhai Zhitong Holdings Limited (深圳前海智通控股有限公司) ("Shenzhen Qianhai Zhitong") which is a Wholly Owned Foreign Enterprise "WOFE". Through an internal re-organization, 100% ownership of another subsidiary, Shenzhen Zhitong Tianxia Technical Services Company Limited (深圳市智通天下科技服務有限公司) ("Shenzhen Zhitong Tianxia"), which is dedicated to materialise business transformation and generate growth in revenue by combining its competitive edge, Shenzhen's strategic location as one of the most developed regions noted for the operation of market economy in Mainland China as well as extensive high-tech companies network and resources, has been transferred from Zhengzhou Jian-O' Yuan ITS Systems Co. Ltd. ("Zhengzhou Jian-O' Yuan") to Shenzhen Qianhai Zhitong. By converging the top domestic professionals and experts from the IP segment, Shenzhen Zhitong Tianxia has extensive practical experience in IP operation, domestic and foreign patents, trademark investment and financing as well as valuation assessment, licensing and trading of patents etc. The Company currently engages in various businesses such as standardised construction of corporate IP management, full entrustment of IP, IP financial service, rick management service, value increment, and successfully secures many IP consulting service contracts. The Company gradually expands to the IP trading and IP pledge financing business, and jointly builds the sound IP operation and service system by establishing the cooperation with well-known domestic and foreign IP agencies, assessment agencies, legal service agencies, research institutes as well as major colleges and universities.

During the period under review, the Group has proactively explored the investment and development opportunities in the smart car-parking segment. Shenzhen Zhitong Tianxia, a subsidiary of the Company, entered into a strategic investment in Shenzhen MallParking Information Technology Co., Ltd ("Shenzhen MallParking") in March 2017 through a large number of market researches and business negotiations. In addition to the investment return as the result of corporate growth, the Group has also developed the markets by establishing a strategic business cooperation with Shenzhen MallParking. Shenzhen MallParking has committed the Group to provide hardware facilities, equipment as well as software technical supports such as software technology transfer, technical upgrades and upgrade training, or bring business development opportunities to its subsidiaries in Zhengzhou and Wuhan.

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 customized solutions for companies whose business is related to new energy vehicles. Upon entering into a strategic cooperation agreement with Shenzhen MallParking, Wuhan Zhanchi has been actively seeking for a breakthrough by working closely with the Group's strategic adjustment in respect of positioning Wuhan as the key city under the cooperation with Shenzhen MallParking. Wuhan Zhanchi has continuously negotiated with relevant owners of the car parks, and reached consensus with an operating company which is responsible for the car parks dominated by Wuhan municipal government on the request of Shenzhen MallParking that it shall establish a demonstration of intelligent parking system in a selected area from which over 30 car parks owned by Shenzhen MallParking. The intelligent parking system will be fully launched in the city after demonstration project is successfully conducted. It is expected that Wuhan would play an important role of cooperation and promotion.

Zhengzhou Jian-O' Yuan, has accumulated solid operating experience, copyrights-related IP business and customer base for its electronic car-parking business. It has been proactively exploring new ways business for development. Based on its corporate advantages as well as positioning Beijing and Zhengzhou as the key breakthrough under the cooperation with Shenzhen MallParking, Zhengzhou Jian-O' Yuan has provided the intelligent parking system solution to various enterprises which engage in the operation of car parks, and received positive feedback from target customers. It is expected that the Beijing will lead the way with breakthrough.

Looking forward, the Group will continue to grow its existing businesses and enhance operational and management efficiencies. The Group will continue to leverage on Shenzhen Zhitong Tianxia growth momentum and will commit more of its resources to develop new businesses and boost the Group's revenue growth. The Group will also seize every opportunity to promote the Group's corporate profile and to increase its financial flexibility by gaining access to the capital markets. The Group will also continue to identify and evaluate other potential investment opportunities which may benefit the Group and its shareholders in the long run.

Rights Issue of Shares

On 21 December 2016, the Company announced that it entered into an underwriting agreement with the underwriter, pursuant to which the Company proposed to issue not less then 258,255,681 rights shares at the subscription price of HK$0.086 per rights share on the basis of one rights share for every eight shares held by the qualifying shareholders on 26 January 2017. Details are set out in the Company's announcement dated 21 December 2016.

A total of 8 valid applications and acceptances had been received under the provisional allotment letters of a total of 106,117,030 rights shares at 4:00 p.m. on Tuesday, 14 February 2017, being the latest time for acceptance of, and the payment for, the rights shares, representing approximately 41.09% of the total number of 258,255,681 rights shares available for subscription under the rights issue.

As a result of the under-subscription of the rights shares and in accordance with the underwriting agreement, the underwriter had performed its underwriting obligations and had procured certain subscribers to subscribe for 152,138,651 untaken rights shares, representing approximately 58.91% of the total number of 258,255,681 rights shares available for subscription under the rights issue. To the best of the Director's knowledge, information and belief after having made reasonable enquiries, the subscribers are independent third parties. None of the subscribers has become a substantial shareholder of the Company upon taking up the 152,138,651 untaken rights shares. Details are set out in the Company's announcement dated 24 February 2017.

Upon completion, the net proceeds (after deducting expenses) were approximately HK$20,762,000 (equivalent to approximately RMB18,419,000). Such net proceeds has been applied for repayment of a director's loan in the sum of RMB10,000,000 owed by the Company to Mr. Wang Jiang Wei in April 2017, and the balance will be used as general working capital of the Group.

Liquidity and Financial Resources

As at 30 June 2017, the Group had total assets of approximately RMB24,198,000 and net current assets of approximately RMB2,150,000. The Group's current ratio, being a ratio of current assets to current liabilities, was 1.27.

The Group generally finances its operations with internally generated cash flows. As at 30 June 2017, the Group had cash and bank balances of approximately RMB7,501,000. 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 2017.

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 2017 are set out in note 7 to the condensed consolidated financial statements.

Human Resources

As at 30 June 2017, the Group had approximately 26 employees (2016: 18 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 2017.

Significant Investments

The Group had no significant investment for the period ended 30 June 2017.

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.

The offer of a grant of options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee.

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 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	0.134	78,705,070
Directors, employees and others	1 June 2010 (A)	N/A	1 June 2010 to 31 May 2020	0.127	22,454,094
Directors, employees and others	1 June 2010 (B)	1 June 2010 to 31 May 2011	1 June 2011 to 31 May 2020	0.127	22,454,094
Directors, employees and others	10 May 2016	N/A	16 May 2016 to 14 May 2026	0.148	111,738,149

Details of the Share Options outstanding during the period are as follows:

	2017		2016	
	Number of Share Options	**Weighted average exercise price HK$**	Number of Share Options	Weighted average exercise price HK$
Outstanding at 1 January	**231,690,385**	**0.141**	121,690,385	0.133
Adjustment for Rights Issue	**3,661,022**	**0.139**	110,000,000	0.150
Outstanding at 30 June	**235,351,407**	**0.139**	231,690,385	0.141
Exercisable at 30 June	**235,351,407**	**0.139**	231,690,385	0.141

Name or category of participant	At 1 January 2017 '000	Granted during the period '000	Exercised during the period '000	Lapsed during the period '000	Adjusted during the period '000	Reclassification during the period '000	At 30 June 2017 '000
	Number of Share Options						
Directors							
Li Sui Yang *(Note)*	14,585	–	–	–	230	(14,815)	–
Hu Hai Yuan	11,115	–	–	–	176	–	11,291
Wang Jiang Wei	20,000	–	–	–	316	–	20,316
Huang Zhang Hui	20,000	–	–	–	316	–	20,316
Guo Shi Zhan	20,000	–	–	–	316	–	20,316
Employees other than directors							
In aggregate	29,115	–	–	–	460	13,426	43,002
Other participants							
In aggregate	116,875	–	–	–	1,847	1,389	120,111
	231,690	–	–	–	3,661	–	235,351

Note: Retired on 25 May 2017

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 2017.

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 June 2017, 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 executive 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 2017	Approximate percentage of the underlying shares to the share capital of the Company as at 30 June 2017
Hu Hai Yuan	Personal	11,291,023	0.49%
Wang Jiang Wei	Personal	20,316,027	0.87%
Huang Zhang Hui	Personal	20,316,027	0.87%
Guo Shi Zhan	Personal	20,316,027	0.87%

Save as disclosed above, as at 30 June 2017, 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 June 2017, 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

*Notes: (L) – Long positions, (S) – Short positions

Name	Number of Shares (see *notes above)	Nature of Interest	Number of Share Options	Percentage of holding (see *notes above)
Oriental Patron Financial Group Limited (Note 1)	364,218,750 (L) 286,800,000 (S)	Interest of controlled corporation		15.67% 12.34%
Oriental Patron Financial Services Group Limited (Note 1)	364,218,750 (L) 286,800,000 (S)	Interest of controlled corporation		15.67% 12.34%
Pacific Top Holding Limited (Note 1)	41,568,750 (L)	Beneficial owner		1.79%
Oriental Patron Derivatives Limited (Note 1)	322,650,000 (L) 286,800,000 (S)	Beneficial owner		13.88% 12.34%
Zhang Zhi Ping (Note 1)	364,218,750 (L) 286,800,000 (S)	Interest of controlled corporation		15.67% 12.34%
Zhang Gaobo (Note 1)	364,218,750 (L) 286,800,000 (S)	Interest of controlled corporation		15.67% 12.34%
World Radiance Limited (Note 2)	294,900,000 (L)	Beneficial owner		12.69%
Mr. Chin Ying Hoi (Notes 2 & 3)	294,900,000 (L)	Interest of controlled corporation	18,287,355	12.69%
Link Chance Investment Limited (Note 4)	128,470,000 (L)	Beneficial owner		5.53%

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 Ying Ho. 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 18,287,355 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 June 2017, 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 six months ended 30 June 2017.

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 during the six months ended 30 June 2017.

The Code of Corporate Governance Practices

Save as disclosed in (1) below, the Company had complied, throughout the six months ended 30 June 2017, 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 Code A.2.1

Code Provision A.2.1 provides that the role of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. After the resignation of our former CEO Mr. Tan Wen on 1 November 2016, the position of CEO was assumed by the former chairman Mr. Li Sui Yang as a temporary arrangement, which deviate from the Code A.2.1 until 25 May 2017. In our 2017 annual general meeting held on 25 May 2017, Mr. Li Sui Yang has retired as a director of the Company. Following his retirement, Mr. Li ceased to be the chairman of the board of directors but remain as a CEO. Mr. Huang Zhang Hui, a non-executive director, was appointed as the chairman of the board of directors.

(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 one executive Director, two 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. Guo Shi Zhan and Dr. Xia Ting Kang. The Group's unaudited consolidated results for the six months ended 30 June 2017 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 six months ended 30 June 2017.

Directors and Senior Management Profiles

Non-executive Directors

Mr. Huang Zhang Hui, aged 47, has been appointed as a non-executive director since 1 June 2016 and elected as the Chairman of the board on 25 May 2017. Mr. Huang is currently the general manager and executive partner of 深圳眾鼎專利商標代理事務所. Mr. Huang has over 20 years of experience in the field of intellectual property and management of legal affair of enterprises. In the past, Mr. Huang has served as the general manager and intellectual property founder of the intellectual property and legal office (知識產權及法務處) under BYD Company Limited. Mr. Huang holds a bachelor degree in chemistry from Nankai University and a master degree in law from Peking University. Apart from performing his duties as a director of the Group, Mr. Huang has devoted time and efforts to the development of Shenzhen Zhitong Tianxia and contributed to the expansion of customer base and increase in profitability.

Mr. Hu Hai Yuan, aged 46, is a non-executive director of the Group. Mr. Hu holds a Master degree in business administration from Renmin University of China and a Bachelor degree in Mechanic Engineering from Dalian University of Technology. Mr. Hu previously served as an Engineer of Anshan Steel Group Limited in China and has over 10 years of experience in the field of corporate finance. Mr. Hu has been a director of the Group for years, and has contributed to the strategic planning and business expansion of the Group.

Executive Directors

Mr. Li Sui Yang, aged 60, retired from an executive director and the Chairman of the board on 25 May, 2017. He remains as the Chief Executive Officer of the Group.

Mr. Wang Jiang Wei, aged 39, had been a non-executive director since 19 November 2014 and redesignated as an executive director on 25 May 2017 of the Group. Mr. Wang holds a bachelor's degree in Economics from Tsinghua University and holds an executive master's degree in business administration from Peking University HSBC Business School. He is a member of the Certified General Accountants Association of Canada (CGA-Canada). Mr. Wang has over ten years of extensive experience in capital investment and enterprise management and currently serves as a director of Shenzhen Co-Power Venture Capital Company Limited (深圳市同威創業投資有限公司). Mr. Wang is the sole director of Chang Yao Investments Limited (昌耀投資有限公司) and World Radiance Limited (世輝有限公司). Furthermore, Mr. Wang is the lecturer of IP strategic and corporate capital operation management seminar of Guangdong IP Protection Association (廣東知識產權保護協會). Mr. Wang is also a strategic consultant to Shenzhen Zhitong Tianxia, a subsidiary of the Group. He is responsible for the business planning of Shenzhen Zhitong Tianxia and engages directly in negotiation and enters into contracts for its business development.

Independent Non-executive Directors

Mr. Guo Shi Zhan, aged 43, is an independent non-executive director of the Group. Mr. Guo is currently the chairman and general manager of 深圳市牛法信息科技有限公司. Prior to this, Mr. Guo worked for Huawei Technologies Co. Ltd., holding the positions of patent engineer, deputy director of the intellectual property office (知識產權副處長), director of the legal affairs office (法律事務處) under the international marketing division (國際營銷部), head of the intellectual property department (知識產權部), information security department (信息安全部), legal department (法律部) and terminal business legal department (終端商務法務部). Mr. Guo has more than 18 years of experience in managing multinational companies and dealing with intellectual property arrangement, litigations and transactions as well as investment and financing activities. Mr. Guo holds bachelor degrees in mathematics and intellectual property from Peking University. Mr. Guo has fully supported the development of the Group's intellectual property business and provided advices and recommendations to the business of Shenzhen Zhitong Tianxia.

Mr. Luo Ze Min, aged 51, is an independent non-executive director of the Group and chairman of the Audit Committee and Remuneration Committee. Mr. Luo is a certified public accountant in China and is currently a partner and head of Shenzhen Xing Yue partnership accounting firm (深圳市興粵合夥會計師事務所). He is also the vice chairman of the board of directors of Shenzhen Guang Heng Real Estate and Land Valuation Company Limited (深圳市廣衡地產和土地估價有限公司) and Shenzhen Guang Heng Xing Yue Property Valuation Company Limited (深圳市廣衡興粵資產評估有限公司). Prior to this, Mr. Luo has served as a project manager and department head of Shenzhen Zhonghua Accounting Firm (深圳中華會計師事務所). Mr. Luo has over 28 years of experience in accounting and auditing, providing professional services to various corporations including listed companies and state-owned enterprises in the PRC. Mr. Luo holds a bachelor degree in financial accounting from Hangzhou Dianzi University (杭州電子科技大學). Mr. Luo is committed to the financial supervision and review of the business development of the Group and has provided recommendations to the Group's financial cost control and business cost savings.

Dr. Xia Ting Kang, aged 61, is an independent non-executive director of the Group. Dr. Xia holds a Bachelor of Science Degree in Physics from Peking University, a Doctor of Philosophy Degree in Physics from The Ohio State University and a Juris Doctor Degree from Columbia University School of Law. Dr. Xia is currently a senior partner in the Atlanta office of an international law firm, Locke Lord LLP and a registered U.S. patent attorney, specializing in international practice and intellectual property practice. Dr. Xia advises clients in all phases of intellectual property law, including the US. and foreign patent, trademark and copyright prosecution, clearance, infringements, validity opinions, and licensing. Prior to his legal career, he was a physicist and had made outstanding achievements in various domains in physics. Dr. Xia also advises clients of international corporate law. Dr. Xia is currently a non-executive director of Hybrid Kinetic Group Limited, a limited company incorporated in Bermuda with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1188). Dr. Xia highly values the development of intellectual property business of the Group and is optimistic about the future development of the Group.

Chief Executive Officer

Mr. Li Sui Yang, aged 60, the Chief Executive Officer of the Group. Mr. Li is also the general manager of Zhengzhou Jian-O' Yuan. Mr. Li joined the Group in October 1996 and is responsible for the Group's strategic planning and development. Mr. Li holds a master's degree of economic administration from North-west China University, he had vast experience in retail, real estate and electronics industry in the PRC.

Company secretary, authorised representative and chief financial officer

Mr. Liang Tien Tzu, aged 60, is the company secretary and Chief Financial Officer of the Group and authorized representative of the Company. Mr. Liang holds a bachelor of commerce degree from the Concordia University and a master of professional accounting degree from the Hong Kong Polytechnic University. Mr. Liang is an associate of the Hong Kong Institute of Directors, a fellow certified public accountant of the Hong Kong Institute of Certified Public Accountants and a chartered accountant and member of the Canadian Institute of Chartered Accountants. Mr. Liang has over 36 years' experience in accounting and financial management. He had worked as an accountant with major international accounting firms and had previously been the financial controller and/or company secretary of various listed companies in Hong Kong or overseas. With his extensive experience, Mr. Liang plays an important role in the communication and coordination between the Group and intermediaries, regulatory authority and public relations.

Senior Management

Ms. Cai Xin, vice president of the Group

Ms. Cai Xin, aged 46, holds a master's degree in business administration from the City University of Hong Kong. She worked for Guangdong Daya Bay Nuclear Power Station, Keith Statham Associates Limited and Shenzhen Zhiyouying Investment Consulting Company Limited (深圳智又盈投資顧問有限公司). In 2006, she founded Shenzhen Dingcheng Oriental Investment Consulting Company Limited (深圳市鼎誠東方投資顧問有限公司) and acted as chairman and president, and provided professional investor relations services for a number of listed companies. She has over 20 years of working experience in the field of financial public relations and investor relations.

Mr. Qin Wuling (秦武陵先生) ("**Mr. Qin**"), Vice President of the Group and General Manager of Zhitong Tianxia — appointed in May 2017.

Mr. Qin, aged 43, graduated from the Department of Astronomical Aerospace Engineering of Kyoto University in Japan. Mr. Qin has more than ten years of experiences in the field of IP, and has extensive experiences in domestic and international trademark, copyright and litigation agency. He served in the patent department of 日本文彬有限公司 and was responsible for handling the application and litigation business of trademarks and patents in Mainland China and Taiwan. He was responsible for providing professional services to the IP departments and legal departments of a large number of sizeable companies, and has served as the designated IP officer for Epson, Zhongdian Electric and other renowned international enterprises. Mr. Qin was a partner of a well-known IP agency in China. During that period, he managed a team with approximately 100 members, which includes 31 agents and 5 lawyers. He had handled more than 300 cases in PCT international application and PCT national application in more than 40 countries for more than 500 cases in person. He has extensive knowledge on the practices for the application and submission of PCT international and national applications, which enable an applicant to submit its application to multiple countries in the most reasonable, optimized and cost-efficient manner. His clients include Mitsubishi Eclectic, Komatsu, Fuji Electric and Yokohama Tyres in Japan. Mr. Qin had been the lecturer of Wuxi Municipal Bureau on Science and Technology, IP Office and Nanjing University of Science & Technology School of IP for an extensive period to promote the awareness of IP rights. He also had been appointed as a legal adviser of Suzhou Snail Digital Technology Co., Ltd.

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
Huang Zhang Hui
Chairman

Hong Kong
7 August 2017

As at the date of this report, the executive director of the Group is Mr. Wang Jiang Wei; the non-executive directors of the Group are 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
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