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Jian ePayment Systems Limited

華普智通系統有限公司*

(incorporated in the Cayman Islands with limited liability)

DELAY IN DISCLOSURE OF ADVANCE TO AN ENTITY PURSUANT TO RULE 17.15 OF THE GEM LISTING RULES AND BREACH OF THE GEM LISTING RULES

Prior to the Company's listing on GEM on 10 December 2001, Jian O' Yuan (the Company's subsidiary) had entered into an agreement on 24 July 2001, pursuant to which the Group would supply Harbin Meters, in phases, with car parking meters and related software of approximately RMB24 million (approximately HK\$22.6 million). Such transaction was entered into by the Group in its ordinary course of business and on normal commercial terms, the main details of which are set out in the Company's prospectus dated 27 November 2001. Taking into account the Group's accounting policies on revenue recognition and deposits of approximately RMB7.8 million (approximately HK\$7.3 million) paid by Harbin Meters in April 2002, the net balance due from Harbin Meters to the Group as at 30 June 2002 was approximately RMB21 million (approximately HK\$19.7 million). The full amount due to the Group of approximately RMB21 million (approximately HK\$19.7 million) was recognised in its unaudited accounts in June 2002 and included in the Company's condensed unaudited consolidated balance sheet as at 30 June 2002 as published by the Company on 12 August 2002. The balance as at 31 December 2002 of approximately RMB21 million (approximately HK\$19.7 million) will also be included in the audited consolidated balance sheet as at 31 December 2002 in the forthcoming annual report of the Company.

The amount due from Harbin Meters of approximately RMB21 million (approximately HK\$19.7 million) as at June 2002, representing approximately 41% of the consolidated audited net tangible assets of the Company as at 31 December 2001 (which were then the latest published consolidated net tangible assets of the Company), had exceeded 25% of the consolidated audited net tangible assets of the Company as at 31 December 2001. Accordingly, disclosure by way of announcement should have been made in June 2002 under Rule 17.15 of the GEM Listing Rules and, therefore, the non-disclosure was in breach of the GEM Listing Rules.

The Group has received an aggregate payment of RMB13 million (approximately HK\$12.2 million) recently and the Directors are currently in discussion with its auditors to consider whether any provision for doubtful debt is necessary. Harbin Meters has neither pledged any collateral nor paid interest on the outstanding balance.

The Directors regret the inadvertent non-disclosure under Rule 17.15 of the GEM Listing Rules and will take steps, such as conducting training sessions for the management of the Company by the Company's professional advisers, to reduce the risk of its re-occurrence.

The Stock Exchange reserves its rights to take appropriate actions in respect of the Company's failure to disclose, on a timely basis, particulars of the amount due from Harbin Meters by way of announcement in accordance with the requirement under Rule 17.15 of the GEM Listing Rules.

Shareholders and potential investors should exercise caution before dealing in any shares of the Company.

BACKGROUND

Prior to the Company's listing on GEM on 10 December 2001, Jian O' Yuan (the Company's subsidiary) had entered into an agreement on 24 July 2001, pursuant to which the Group would supply Harbin Meters, in phases, with car parking meters and related software of approximately RMB24 million (approximately HK\$22.6 million). Such transaction was entered into by the Group in its ordinary course of business and on normal commercial terms, the main details of which are set out in the Company's prospectus dated 27 November 2001. Subsequently on 26 December 2001 (after the Company's listing on GEM), Harbin Meters entered into another agreement with the Company and increased the number of car parking meters and related software it wanted to purchase, thereby increasing the total contracted amount under the agreements by approximately RMB5 million (approximately HK\$4.7 million), to a total amount of approximately RMB29 million (approximately HK\$27.3 million). This additional RMB5 million (approximately HK\$4.7 million) represented less than 13% of the pro forma statement of adjusted net tangible assets of the Group as stated in its prospectus dated 27 November 2001 after taking into account the actual issue price of the shares by the Company pursuant to the prospectus.

Taking into account the Group's accounting policies on revenue recognition and deposits of approximately RMB7.8 million (approximately HK\$7.3 million) paid in April 2002 by Harbin Meters, the net balance due from Harbin Meters to the Group as at 30 June 2002 was approximately RMB21 million (approximately HK\$19.7 million). This full amount due to the Group of approximately RMB21 million (approximately HK\$19.7 million) was recognised in its unaudited accounts in June 2002 and included in the Company's condensed unaudited consolidated balance sheet as at 30 June 2002 as published by the Company on 12 August 2002. The amount due from Harbin Meters of approximately RMB21 million (approximately HK\$19.7 million) as at June 2002, representing approximately 41% of the consolidated audited net tangible assets of the Company as at 31 December 2001 (which were then the latest published consolidated net tangible assets of the Company), had exceeded 25% of the consolidated audited net tangible assets of the Company as at 31 December 2001. Accordingly, disclosure by way of announcement should have been made in June 2002 under Rule 17.15 of the GEM Listing Rules and, therefore, the non-disclosure was in breach of the GEM Listing Rules.

The amount due from Harbin Meters of approximately RMB21 million (approximately HK\$19.7 million) remained outstanding as at 31 December 2002, and this will be included in the audited consolidated balance sheet as at 31 December 2002 in the forthcoming annual report of the Company. Harbin Meters was a major customer of the Group during the financial year 2002, representing approximately 41% of the turnover of the Group based on its unaudited accounts. Subsequent to 31 December 2002 and up to the date of this announcement, Harbin Meters has paid the Group approximately RMB13 million (approximately HK\$12.2 million). The remaining outstanding balance of approximately RMB8 million (approximately HK\$7.5 million), representing about 27% of the initial contracted amount, is about 9 months overdue and this is longer than the credit terms entered into between the Company and Harbin Meters. The Group expects it to be repaid by Harbin Meters by 30 June 2003. As said, the Group has

received an aggregate payment of RMB13 million (approximately HK\$12.2 million) recently and the Directors are currently in discussion with its auditors to consider whether any provision for doubtful debt is necessary. Harbin Meters has neither pledged any collateral nor paid interest on the outstanding balance.

REASONS FOR THE DELAY IN DISCLOSURE

When the Company had prepared its consolidated unaudited financial statements as at 30 June 2002, it was not aware that accounts receivables from a customer in the ordinary and usual course of business constituted “advances” under Rule 17.15 of the GEM Listing Rules. The Company had then interpreted “advances” to mean loans.

In finalising the Company’s consolidated balance sheet for its financial year ended 31 December 2002, the Company then received advices from its professional advisers on 21 March 2003 that the amount due from Harbin Meters did constitute “advances” for the purposes of Rule 17.15 of the GEM Listing Rules. Therefore, the non-disclosure constitutes a breach of the GEM Listing Rules. The Directors regret the inadvertent non-disclosure under Rule 17.15 of the GEM Listing Rules as a result of its misinterpretation of Rule 17.15 of the GEM Listing Rules and will take steps, such as conducting training sessions for the management of the Company by the Company’s professional advisers, to reduce the risk of its re-occurrence.

The Stock Exchange reserves its rights to take appropriate actions in respect of the Company’s failure to disclose, on a timely basis, particulars of the amount due from Harbin Meters by way of announcement in accordance with the requirement under Rule 17.15 of the GEM Listing Rules.

Shareholders and potential investors should exercise caution before dealing in any shares of the Company.

GENERAL

The Company is an investment holding company. The Group is principally engaged in the development and operation of the Jian ePayment System and manufacturing and distribution of the associated commercial applications (including car parking meters) in the PRC.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“Board”	means the board of Directors
“Company”	means Jian ePayment Systems Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on GEM
“Director(s)”	means the director(s) of the Company

“GEM”	means the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	means the Company and its subsidiaries
“Harbin Meters”	哈爾濱優先電子咪表有限公司 (Harbin Priority Electronic Meters Company Limited*), a company established in the PRC and is an independent third party and not connected with the directors, chief executives, management shareholders or substantial shareholders of the Company or any of their respective associates (as such terms defined under the GEM Listing Rules). Harbin Meters is principally engaged in operating roadside car parking meters in Harbin, the PRC.
“HK\$”	means Hong Kong dollars
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Jian ePayment System”	means a backend electronic receipt/payment and data recording and processing software system developed by the Group which, together with the Jian Smart Pass, contactless smart and readers and other hardware and software, reads and processes data to support sales payments by electronic means
“Jian-O’Yuan”	鄭州華普奧原電子泊車設備有限公司 (Zhengzhou Jian-O’Yuan ITS Systems Co. Ltd.), a wholly-owned subsidiary of the Company established in the PRC. Jian-O’Yuan is the major operating company of the Group which is engaged in the development and operation of Jian ePayment System
“Jian Smart Pass(es)”	means 華普智通卡, the contactless smart card designed by the Group which operates on the Jian ePayment System
“PRC”	means the People’s Republic of China
“RMB”	means renminbi, the lawful currency of the PRC
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited

By Order of the Board
Jian ePayment Systems Limited
Chin Ying Hoi
Chairman

Beijing, 25 March, 2003

* For identification only

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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