Jian ePayment Systems Limited
華普智通系統有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8165)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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.

This announcement, for which the directors (the "Directors") of Jian ePayment Systems Limited (the "Company") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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.

* *For identification purpose only*

SUMMARY

— Recorded consolidated turnover of approximately RMB2,626,000 for the year ended 31 December 2016.

— Recorded consolidated loss attributable to owners of the Company of approximately RMB26,773,000 for the year ended 31 December 2016.

— Basic loss per share of approximately RMB0.013 for the year ended 31 December 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	**2016** **RMB'000**	2015 RMB'000
Turnover	*4(a)*	**2,626**	3,703
Cost of goods sold and services rendered		**(1,453)**	(2,894)
Gross profit		**1,173**	809
Other income	*4(b)*	**255**	82
Distribution costs		**(580)**	(430)
Administrative expenses		**(26,271)**	(11,984)
Loss from operations		**(25,423)**	(11,523)
Finance costs		**(1,201)**	–
Loss before tax		**(26,624)**	(11,523)
Income tax expense	*6*	**(149)**	–
Loss for the year		**(26,773)**	(11,523)
Other comprehensive income after tax for the year:			
Item that will not be reclassified to profit or loss:			
Gain on property revaluation		**4,260**	–
Loss and total comprehensive income for the year attributable to owners of the Company	*7*	**(22,513)**	(11,523)
Loss per share			
Basic	*9*	**(RMB0.013)**	(RMB0.006)
Diluted	*9*	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2016

	Note	**2016** **RMB'000**	2015 RMB'000
Non-current assets			
Property, plant and equipment		**481**	4,912
Investment properties		**8,639**	–
Goodwill		**–**	–
Other intangible assets		**66**	–
		9,186	4,912
Current assets			
Inventories		**–**	110
Trade and other receivables	*10*	**1,032**	848
Bank and cash balances		**8,543**	13,261
		9,575	14,219
Current liabilities			
Trade and other payables	*11*	**7,477**	6,004
Loan from a director		**10,477**	–
Due to a related company		**10**	10
Current tax liabilities		**149**	–
		18,113	6,014
Net current (liabilities)/assets		**(8,538)**	8,205
Total assets less current liabilities		**648**	13,117
Non-current liabilities			
Loan from a shareholder		**–**	9,328
NET ASSETS		**648**	3,789
Capital and reserves			
Share capital		**92,441**	86,973
Reserves		**(91,793)**	(83,184)
TOTAL EQUITY		**648**	3,789

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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 Suite 1104, Hantang Plaza, Overseas Chinese Town Nanshan District, Shenzhen, 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 back end electronic receipt/payment and data recording and processing software system; and manufacturing and distribution of the associated commercial applications and provision of intellectual property services.

2. BASIS OF PREPARATION AND GOING CONCERN BASIS

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The Group incurred a loss attributable to owners of the Company of RMB26,773,000 for the year ended 31 December 2016 and as at 31 December 2016 the Group had net current liabilities of RMB8,538,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These financial statements have been prepared on a going concern basis, the validity of which depends upon the completion of the rights issue proposed by the Company on 21 December 2016 as detailed in note 12 and the financial support of Mr. Wang Jiang Wei, a director of the Company, at a level sufficient to finance the working capital requirements of the Group. The director has agreed to provide financial support to the extent of RMB10,000,000 to the Group for the next twelve months to meet its financial obligations. After considering the working capital forecast of the Group for the next twelve months, the completion of the rights issue and the financial support of the director, the directors of the Company are of the opinion that the Group will be able to meet its financial obligations as they fall due and therefore it is appropriate to prepare the financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets.

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

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2016. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2016. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7 Statement of Cash Flows: Disclosure initiative	1 January 2017
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to HKFRS 2 Share-based Payment: Classification and measurement of share-based payment transactions	1 January 2018
Amendments to HKFRS 4 Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 16 Leases	1 January 2019
Amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course.

HKFRS 9 Financial Instruments

The standard replaces HKAS 39 Financial Instruments: Recognition and Measurement.

The standard introduces a new approach to the classification of financial assets which is based on cash flow characteristics and the business model in which the asset is held. A debt instrument that is held within a business model whose objective is to collect the contractual cash flows and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at amortised cost. A debt instrument that is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the instruments and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at fair value through other comprehensive income. All other debt instruments are measured at fair value through profit or loss. Equity instruments are generally measured at fair value through profit or loss. However, an entity may make an irrevocable election on an instrument-by-instrument basis to measure equity instruments that are not held for trading at fair value through other comprehensive income.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

(b) New and revised HKFRSs in issue but not yet effective (continued)

HKFRS 9 Financial Instruments (continued)

HKFRS 9 introduces a new expected-loss impairment model to replace the incurred-loss impairment model in HKAS 39. It is no longer necessary for a credit event or impairment trigger to have occurred before impairment losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income, an entity will generally recognise 12-month expected credit losses. If there has been a significant increase in credit risk since initial recognition, an entity will recognise lifetime expected credit losses. The standard includes a simplified approach for trade receivables to always recognise the lifetime expected credit losses.

The de-recognition requirements in HKAS 39 are carried forward largely unchanged.

The new expected credit loss impairment model in HKFRS 9 may result in the earlier recognition of impairment losses on the Group's trade receivables and other financial assets. The Group is unable to quantity the impact until a more detailed assessment is completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 replaces all existing revenue standards and interpretations.

The core principle of the standard is that an entity recognises revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to become entitled in exchange for those goods and services.

An entity recognises revenue in accordance with the core principle by applying a 5-step model:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies a performance obligation

The standard also includes comprehensive disclosure requirements relating to revenue.

The Group is currently assessing the impacts of adopting HKFRS 15 on the consolidated financial statements.

The Group is unable to estimate the impact of the new standard on the consolidated financial statements until a more detailed analysis is completed.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

3. **ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)**

(b) New and revised HKFRSs in issue but not yet effective (continued)

HKFRS 16 Leases (continued)

The Group's office property leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to approximately RMB2,258,000 as at 31 December 2016 (2015: RMB414,000). The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in HKFRS 16 and the effects of discounting.

4. **TURNOVER AND OTHER INCOME**

(a) Turnover

The Group's turnover represents the following:

	2016 ***RMB'000***	2015 *RMB'000*
Sales of car parking systems and provision of related maintenance services	**1,577**	3,703
Intellectual property services	**1,049**	–
	2,626	3,703

(b) Other income

	2016 ***RMB'000***	2015 *RMB'000*
Subsidy income		
— Value-added tax ("VAT") refund *(Note (i))*	**211**	24
Interest income	**38**	46
Other payables written back	**–**	12
Sundry income	**6**	–
	255	82

4. TURNOVER AND OTHER INCOME (CONTINUED)

(b) Other income (continued)

(i) Zhengzhou Jian-O'Yuan ITS Systems Co. Ltd. ("Zhengzhou Jian-O'Yuan") is subject to output VAT on its sales in the PRC, which is levied at the general rate of 17% and 6% on the gross selling price upon sales of goods and services rendered respectively. Input VAT paid on purchases of raw materials, work in progress and other assets would be used to offset the output VAT payable on sales to determine the net VAT prepayment or VAT payable.

Pursuant to Cai Shui 2000 No. 25 issued by the State Tax Bureau on 22 June 2000, software enterprises are entitled to a preferential tax treatment and any actual VAT paid related to the sales of self-developed and produced software exceeding 3% of the revenue from the sales of software will be refunded.

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 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 operating segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profit or loss does not include the following items:

— unallocated other income
— unallocated corporate expenses
— finance costs

Segment assets do not include the following items:

— bank and cash balances
— other unallocated assets

Segment liabilities do not include the following items:

— loan from a director
— current tax liabilities
— other unallocated liabilities

5. **SEGMENT INFORMATION (CONTINUED)**

Information about operating segment profit or loss, assets and liabilities:

	Car parking systems *RMB'000*	Intellectual property services *RMB'000*	Total *RMB'000*
Year ended 31 December 2016			
Turnover from external customers	**1,577**	**1,049**	**2,626**
Segment (loss)/profit	**(3,902)**	**440**	**(3,462)**
Interest revenue	**10**	**28**	**38**
Depreciation and amortisation	**266**	**2**	**268**
Income tax expense	**–**	**149**	**149**
Other material non-cash items:			
Allowance for inventories	**110**	**–**	**110**
Allowance for trade and other receivables	**196**	**–**	**196**
Additions to segment non-current assets	**28**	**68**	**96**
As at 31 December 2016			
Segment assets	**541**	**547**	**1,088**
Segment liabilities	**3,233**	**1,415**	**4,648**

5. SEGMENT INFORMATION (CONTINUED)

Reconciliations of operating segment profit or loss, assets and liabilities:

	2016
	RMB'000
Profit or loss	
Total loss of operating segments	**(3,462)**
Unallocated amounts:	
Other income	**6**
Corporate expenses	**(22,116)**
Finance costs	**(1,201)**
Consolidated loss for the year	**(26,773)**
Assets	
Total assets of operating segments	**1,088**
Unallocated amounts:	
Other receivables and other assets	**9,130**
Bank and cash balances	**8,543**
Consolidated total assets	**18,761**
Liabilities	
Total liabilities of operating segments	**4,648**
Unallocated amounts:	
Other liabilities	**2,839**
Loan from a director	**10,477**
Current tax liabilities	**149**
Consolidated total liabilities	**18,113**

The Group is engaged in a single type of business that is car parking systems for the year ended 31 December 2015. It mainly include activities of development and operation of integrated circuit and smart cards, back end electronic receipt/payment and data recording and processing software system; and manufacturing and distribution of the associated commercial application. Accordingly, no operating segment information is presented for the year ended 31 December 2015.

Geographical information

The Group's turnover from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Turnover		**Non-current assets**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	–	**8,988**	4,515
PRC except Hong Kong	**2,626**	3,703	**198**	397
Consolidated total	**2,626**	3,703	**9,186**	4,912

5. SEGMENT INFORMATION (CONTINUED)

Turnover from major customers

The Group's customers base included two (2015: two) customers with whom transactions have exceeded 10% of the Group's turnover. Turnover from those customers is set out as below:

	2016	2015
	RMB'000	*RMB'000*
Customer A *(note i)*	**1,457**	N/A
Customer B *(note i)*	**928**	N/A
Customer C *(note ii)*	**N/A**	2,800
Customer D *(note ii)*	**N/A**	626
	2,385	3,426

(i) Customer A and B are new customers of the Group for the year ended 31 December 2016.

(ii) Customer C and D did not contribute over 10% of the total turnover of the Group for the year ended 31 December 2016.

6. INCOME TAX EXPENSE

	2016	2015
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax		
Provision for the year	**149**	–

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 years ended 31 December 2016 and 2015.

The tax rate applicable to the PRC subsidiaries in the Group were 25% (2015: 25%) during the year. No provision for PRC Enterprise Income Tax has been made in the consolidated financial statements for the years ended 31 December 2015 as the PRC subsidiaries did not generate any assessable profit for last year.

7. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2016	2015
	RMB'000	*RMB'000*
Amortisation of other intangible assets (included in administrative expenses)	**2**	–
Acquisition related costs (included in administrative expenses)	**195**	–
Depreciation of property, plant and equipment	**437**	570
Operating lease charges	**706**	821
Direct operating expenses arising from investment property that did not generate rental income	**25**	–
Research and development costs	**977**	1,383
Auditor's remuneration		
Current	**326**	306
Under-provision in prior year	**2**	10
	328	316
Foreign exchange losses/(gains)	**324**	(82)
Cost of inventories sold	**126**	2,853
Allowance for inventories (included in cost of inventories sold)	**110**	112
Reversal of allowance for inventories (included in cost of inventories sold)	**–**	(26)
Allowance for trade receivables	**196**	339

Cost of inventories sold includes staff costs, depreciation, reversal of allowance for inventories and operating lease charges of approximately RMB125,000 (2015: RMB163,000) which are included in the amounts disclosed separately.

8. DIVIDEND

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

9. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately RMB26,773,000 (2015: RMB11,523,000) and the weighted average number of ordinary shares of approximately 2,024,298,000 (2015: 1,935,900,000) in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2016 and 2015.

10. TRADE AND OTHER RECEIVABLES

	Note	2016 RMB'000	2015 RMB'000
Trade receivables	(a)	**130**	276
Other receivables	(b)	**902**	572
		1,032	848

(a) Trade receivables

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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

	2016 RMB'000	2015 RMB'000
Within 6 months	**50**	276
Within 6 to 12 months	**–**	–
Over 1 year	**4,642**	4,366
	4,692	4,642
Allowance for trade receivables	**(4,562)**	(4,366)
	130	276

Reconciliation of allowance for trade receivables:

	2016 RMB'000	2015 RMB'000
At 1 January	**4,366**	4,027
Allowance for the year	**196**	339
At 31 December	**4,562**	4,366

The allowance for impairment losses was made for the impaired trade receivables which mainly relate to past due payments from customers and management considered that the trade receivables are expected not to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

As of 31 December 2016, trade receivables of RMB80,000 (2015: Nil) were past due but not impaired. These represent a receivables were past due for over 1 year but subsequently settled.

The carrying amounts of the Group's trade receivables are denominated in RMB.

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables

	2016	2015
	RMB'000	*RMB'000*
Prepayments to suppliers	**413**	215
Rental and utility deposits	**258**	214
Others	**231**	143
	902	572

No allowance was made for estimated irrecoverable other receivables for the years ended 31 December 2016 and 2015.

11. TRADE AND OTHER PAYABLES

		2016	2015
	Note	***RMB'000***	*RMB'000*
Trade payables	*(a)*	**844**	835
Other payables	*(b)*	**6,633**	5,169
		7,477	6,004

(a) Trade payables

The ageing analysis of the trade payables, based on the date of receipt of goods, is as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 6 months	**–**	208
Within 6 to 12 months	**9**	–
Over 1 year	**835**	627
	844	835

11. TRADE AND OTHER PAYABLES (CONTINUED)

(b) Other payables

	2016	2015
	RMB'000	*RMB'000*
Other tax payable	**32**	85
Provision for staff and workers' bonus and welfare fund	**386**	498
Accruals for operating expenses	**2,563**	2,467
Salaries and welfare payables	**435**	193
Others	**3,217**	1,926
	6,633	5,169

12. EVENTS AFTER THE REPORTING PERIOD

On 21 December 2016, the Company proposed to issue not less than 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. The proposed rights issue was completed on 24 February 2017 and a net proceed of approximately RMB18,291,000 (equivalent to approximately HK$20,650,000) was obtained by the Company from the rights issue.

Details of the proposed rights issue are set out in the Company's announcement and prospectus on 21 December 2016 and 27 January 2017 respectively and details of the completion of the rights issue is set out in the Company's announcement on 24 February 2017.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is an extract of independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2016:

> **"OPINION**
>
> In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.
>
> **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**
>
> We draw attention to note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of RMB26,773,000 during the year ended 31 December 2016 and, as of that date, the Group's current liabilities was RMB8,538,000. As stated in note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

FINANCIAL REVIEW

During the year under review, the Group recorded a turnover of approximately RMB2,626,000 (2015: RMB3,703,000), representing a decrease of 29% over the last year. The amount represents revenue for the sales of electronic car-parking hardware, software and their derivative intellectual property services or "IP services". Loss and total comprehensive income for the year attributable to owners of the Company amounted to approximately RMB22,513,000 (2015: RMB11,523,000) representing an increase of 95% over the last year and was mainly attributable to no significant growth in revenue while there was significant increase in administrative expenses arising from the one-off share option expenses and remuneration paid to the departing directors during the year. The Group will continue to exercise prudent cost control measures by implementing tight expenses measures in operation.

ACQUISITION OF A COMPANY

On 4 March 2016, Right Ascent Development Limited ("Right Ascent"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement, pursuant to which the Right Ascent has conditionally agreed to purchase Top System Holdings Limited ("Top System"), a company incorporated with limited liability in Hong Kong at the consideration of RMB5,000,000 (equivalent to HK$6,000,000). The consideration for the acquisition was satisfied in full by the issue of 54,545,455 new shares to the Vendor or his nominee upon completion at the price of HK$0.11 per share.

Wuhan Zhanchi New Energy Technology Company Limited ("Wuhan Zhanchi")* (武漢站赤新能源科技有限公司), a company incorporated with limited liability in the PRC, is a wholly-owned subsidiary of Top System. The consideration of the acquisition was determined after arm's length negotiations between the Group and the vendor with reference to (i) the total assets of Wuhan Zhanchi of approximately RMB3,000,000 (equivalent to HK$3,600,000) as at 29 February 2016 which is based on the unaudited financial statements of Wuhan Zhanchi; and (ii) the contracts to be signed between Wuhan Zhanchi and its customers.

Wuhan Zhanchi is a technology service company, 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. Those solutions include undertaking the planning, design, construction and installation of electrical charging facilities for new energy vehicles and provision of related engineering services, operating services and other value-added services.

The acquisition of Wuhan Zhanchi was completed on 3 June 2016. Wuhan Zhanchi is consolidated into the Group for unifying development planning and operation management. Details of the acquisition are set out in the Company's announcement dated 3 June 2016 published on the Stock Exchange website.

PLACING OF NEW SHARES

On 9 March 2016, the Company and the placing agent entered into a placing agreement pursuant to which the placing agent agreed to place, on a best effort basis, an aggregate of 110,000,000 new shares at the placing price of HK$0.111 per placing share to not less than six placees who and whose ultimate beneficial owners were independent third parties. On 23 March 2016, a supplemental agreement was entered into between the Company and the placing agent pursuant to which the number of placing shares was reduced to a maximum of 75,600,000 new shares. The placing shares were issued under the general mandate granted to the Directors at the AGM held on 13 April 2015 and was completed on 31 March 2016. The 75,600,000 placing shares represented approximately 3.91% of the existing issued share capital of the Company and approximately 3.76% of the enlarged issued share capital of the Company. Based on the expenses for the placing, the net price was approximately HK$0.108 per placing share. The gross proceeds of the placing amounted to approximately HK$8.4 million (equivalent to approximately RMB7 million) and the net proceeds amounted to approximately HK$8.15 million (equivalent to approximately RMB6.7 million). The Company applied all the net proceeds from the placing for partial repayment of the existing shareholder's loan of the Company in the amount of RMB10 million. Details are set out in the Company's announcements dated 9 March 2016 and 23 March 2016 respectively.

BUSINESS REVIEW AND OUTLOOK

During the year under review, the Group continued operating the car-parking electronic payment system while actively sought new business breakthroughs. Due to unstable and uncertain market environment, the market of the Group's products remained sluggish and the revenue of existing businesses stayed low. During the year under review, the Group acquired Wuhan Zhanchi to expand the business platform and enhance the development of the existing business. The Group made preliminary progress in the expansion of new business. With the support of the shareholders and our directors, Shenzhen Zhitong Tianxia achieved outstanding results in the intellectual property business. Although the Group did not record satisfactory financial results during the year under review, it is expected that the Group has bottomed out.

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 be committed to sales and marketing of electronic car-parking facilities and software. However, due to dull sales performance and ineffective business expansion, the revenue of Zhengzhou Jian-O' Yuan remained low. For the year ended 31 December 2016, the revenue of Zhengzhou Jian-O' Yuan amounted to approximately RMB120,000.

With over 10 years' development, Zhengzhou Jian-O' Yuan accumulated unique experience and customer base for its electronic car-parking software development business. It proactively explored new ways of technical enhancement and direction for further development in the market. In May 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 the market of one of the most developed regions in Mainland China and extensive business contacts, Shenzhen Zhitong Tianxia is dedicated to materialise 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 RMB10,000,000. Integrating on the Group's own technological expertise, experiences and resources, Shenzhen Zhitong Tianxia implemented many incentive measures to recruit 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.

In July 2016, Shenzhen Zhitong Tianxia set up its management team. With full support from Mr. Wang Jiang Wei, Mr. Huang Zhang Hui and Mr. Guo Shi Zhan, the directors of the Group and under the leadership of Ms. Cai Xin, the general manager, Shenzhen Zhitong Tianxia rapidly commenced business planning and expanded customer base through the intellectual property rights business derived from electronic car-parking software and management business.

Since July 2016 and up to the end of 2016, contracted revenue of Shenzhen Zhitong Tianxia amounted to approximately RMB3,350,000. For the year ended 31 December 2016, Shenzhen Zhitong Tianxia realised revenue of approximately RMB1,049,000, accounting for over 40% of the Group's total revenue. Shenzhen Zhitong Tianxia would continue to augment income and contribute to the business growth of the Group. Intellectual property business has become the main business of the Group.

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 of intelligent car-parking, 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 intellectual property business, and focus its efforts in boosting the Group's revenue growth. 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group had total assets of approximately RMB18,761,000 and net current liabilities of approximately RMB8,538,000. The Group's current ratio, being a ratio of current assets to current liabilities, was 0.53.

The Group generally finances its operations with internally generated cash flows. As at 31 December 2016, the Group had cash and bank balances of approximately RMB8,543,000. A director of the Company has expressed intention to provide all necessary financial support to the Group. As at 31 December 2016, there was a loan of unsecured nature in the amount of RMB10,000,000 provided by the director to the Company bearing an interest rate of 12% per annum.

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 31 December 2016.

EXCHANGE RATE EXPOSURE

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollar or Renminbi. As the exchange rates of Hong Kong dollar and Renminbi were relatively stable during the year, the Group is of the opinion that its exposure to foreign exchange rate risk is limited. The Group will continue to monitor its foreign currency exposure closely.

INCOME TAX

Details of the Group's income tax expense for the year ended 31 December 2016 are set out in note 6 to this announcement.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2016.

SIGNIFICANT INVESTMENTS

Save as disclosed in section "ACQUISITION OF A COMPANY", the Group had no other significant investment for the year ended 31 December 2016.

CORPORATE GOVERNANCE

The Company is committed to establishing and maintaining a high level of corporate governance with a view to safeguarding the interests of its shareholders.

During the year ended 31 December 2016, save for the deviations specified below, the Company had applied the principles and complied with the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules.

Details of the Company's deviations from the CG Code during the year ended 31 December 2016 are as follows.

Composition of the Board

Following the resignation of Mr. Zhang Xiao Jing on 20 June 2016 as an independent non-executive director and a member of each of the audit committee, nomination committee and remuneration committee, the number of independent non-executive directors did not represent at least one-third of the Board as required under Rule 5.05A of the GEM Listing Rules and that the audit committee only had 2 members and which fell below the minimum requirement under Rule 5.28 of the GEM Listing Rules.

Following the retirement of Mr. Qu Xiao Guo and Ms. Tung Fong at the annual general meeting of the Company held on 29 June 2016, the Company had only one independent non-executive director, the number of which falls below the minimum number required under Rules 5.05(1), 5.05(2), 5.05A, 5.28 and 5.34 of the GEM Listing Rules.

The Company had used its best endeavor to identity suitable candidates to fill up the vacancies. On 20 September 2016, Mr. Luo Ze Min and Dr. Xia Ting Kang were appointed as independent non-executive directors of the Company. Mr. Luo was also appointed as the chairman of the audit committee and remuneration committee and a member of the nomination committee, while Dr. Xia was also appointed as a member of each of the audit committee, nomination committee and remuneration committee. Following their appointments, the Company has been 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.

Re-election and appointment of Directors

CG Code A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election.

The Company has not fixed a specific term of appointment for non-executive Directors. However, they are appointed subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provision of the articles of association of the Company. This deviates from the CG Code A.4.1 which requires that non-executive Directors should be appointed for a specific term. The Board is of the view that the current practice of appointing non-executive Directors without specific terms but otherwise subject to rotation and re-election by shareholders is fair and reasonable.

Attendance of Directors at general meeting held in 2016

The Company only held one general meeting, that is its annual general meeting on 29 June 2016, during the year ended 31 December 2016.

CG Code A.6.7 stipulates that independent non-executive Directors and non-executive Directors should attend general meetings of the Company. Owing to other engagements, three independent non-executive Directors (namely Mr. Qu Xiao Guo, Ms. Tung Fong and Mr. Guo Shi Zhan) and three non-executive Directors (namely Mr. Tang Hao, Mr. Hu Hai Yuan and Mr. Huang Zhang Hui) were unable to attend the general meetings of the Company held on 29 June 2016. All independent non-executive Directors and non-executive Directors of the Company have been reminded of their obligation to attend the Company's general meetings for complying with CG Code A.6.7.

Chairman and chief executive officer

Code Provision A.2.1 provides that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual.

During the period from 1 January 2016 to 31 October 2016, there was segregation of duties between the Chairman and CEO. The segregation of duties ensured balance of power between the Board and the Group's management as well as their independence and accountability.

Mr. Tan Wen resigned as an executive director and the CEO of the Group on 1 November 2016. As a temporary arrangement, the position of CEO is currently assumed by the Chairman, which deviates from CG Code A.2.1. The Group will separate the roles of Chairman and CEO and is endeavoring to identify suitable candidate to fill the vacancy.

Financial Reporting

CG Code C.1.2 stipulates that management should provide all members of the Board with monthly updates giving balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.

During the year ended 31 December 2016, rather than providing monthly updates to all members of the Board, the management of the Company has provided to all Directors quarterly updates with quarterly consolidated financial statement of the Company's performance, position and prospects in sufficient details during the regular Board meetings of the Company. In addition, the management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board. In view of the size and complexity of the Group's current businesses, the Board considers that the current practice of financial reporting is sufficient to keep the Board abreast of the Group's financial position.

COMPETING INTERESTS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell such securities during the year ended 31 December 2016.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors (the "Code") on terms which are the same as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the Code throughout the year and up to the date of this announcement.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend in respect of the year ended 31 December 2016 (2015: nil).

REVIEW OF RESULTS BY AUDIT COMMITTEE

An Audit Committee was established with written terms of reference in compliance with the requirements of the GEM Listing Rules. The primary duties of the audit committee are to review and provide supervision over the financial reporting process and internal control system of the Group. The audit committee comprises three independent non-executive directors, namely Mr. Guo Shi Zhan, Mr. Luo Ze Min and Mr. Xia Ting Kong. Mr. Luo Ze Min is the chairman of the Audit Committee. The Group's audited consolidated results for the year ended 31 December 2016 have been reviewed by the audit committee.

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

Hong Kong, 31 March 2017

As at the date of this announcement, the executive directors of the Group are Mr. Li Sui Yang; the non-executive directors of the Group are Mr. Hu Hai Yuan, Mr. Wang Jiang Wei and Mr. Huang Zhang Hui; and the independent non-executive directors of the Group are Mr. Guo Shi Zhan, Mr. Luo Ze Min and Mr. Xia Ting Kong.

This announcement will remain at www.hkgem.com on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its publication and on the Company's designated website at www.jianepayment.com.