



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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, 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 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

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2019 amounted to RMB91,000 (2018: RMB4,092,000), representing a decrease of 98%.
- Loss and total comprehensive income attributable to owners of the Group for the year ended 31 December 2019 amounted to RMB24,275,000 (2018: RMB5,330,000), representing an increase of 355%.
- Basic loss per share of amounted to approximately RMB0.71 cents for the year ended 31 December 2019 (2018: RMB0.34 cents), representing an increase of 109%.

CONSOLIDATED ANNUAL RESULTS

The board of directors (the “Board”) of Jian ePayment Systems Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018 as follows.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2019

	<i>Notes</i>	2019 RMB'000	2018 <i>RMB'000</i>
Revenue	5(a)	91	4,092
Cost of goods sold and services rendered		<u>–</u>	<u>(1,530)</u>
Gross profit		91	2,562
Other income	5(b)	3,699	232
Allowance for trade and other receivables		(5,585)	(670)
Administrative expenses		(13,389)	(9,681)
Other operating expenses		<u>(1,360)</u>	<u>–</u>
Loss from operations		(16,544)	(7,557)
Finance costs		<u>(1,338)</u>	<u>(178)</u>
Loss before tax		(17,882)	(7,735)
Income tax credit/(expense)	7	<u>1,437</u>	<u>(192)</u>
Loss for the year	8	(16,445)	(7,927)
Other comprehensive income after tax for the year:			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of financial assets at FVTOCI		<u>(7,830)</u>	<u>2,597</u>
Loss and total comprehensive income for the year attributable to owners of the Company		<u>(24,275)</u>	<u>(5,330)</u>
		<i>RMB cents</i>	<i>RMB cents</i>
Loss per share			
Basic	10	<u>(0.71)</u>	<u>(0.34)</u>
Diluted	10	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	<i>Notes</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		–	185
Investment properties		10,276	9,661
Right-of-use assets		–	–
Intangible assets		–	472
Trade receivables	<i>11</i>	–	621
Financial assets at FVTOCI		1,100	8,930
		<u>11,376</u>	<u>19,869</u>
Current assets			
Trade and other receivables	<i>11</i>	7,572	9,953
Bank and cash balances		492	4,460
		<u>8,064</u>	<u>14,413</u>
Current liabilities			
Lease liabilities		525	–
Trade and other payables	<i>12</i>	7,534	8,259
Borrowings		8,949	–
Current tax liabilities		–	1,447
		<u>17,008</u>	<u>9,706</u>
Net current (liabilities)/assets		<u>(8,944)</u>	<u>4,707</u>
Total assets less current liabilities		<u>2,432</u>	<u>24,576</u>
Non-current liabilities			
Lease liabilities		299	–
Trade and other payables	<i>12</i>	535	178
Borrowings		10,291	8,816
		<u>11,125</u>	<u>8,994</u>
NET (LIABILITIES)/ASSETS		<u>(8,693)</u>	<u>15,582</u>
Capital and reserves			
Share capital		103,880	103,880
Reserves		(112,573)	(88,298)
TOTAL (DEFICIENCY)/EQUITY		<u>(8,693)</u>	<u>15,582</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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").

On 15 May 2018, at the request of the Company, trading in the shares of the Company was suspended. As at the date of approval of these financial statements, the trading of shares of the Company remains suspended.

On 29 October 2018, the Company submitted a resumption proposal (the "Resumption Proposal") to the Stock Exchange for seeking its approval for the resumption of trading in the shares of the Company. In support of the Resumption Proposal, the Company entered into two conditional share purchase agreements both dated 26 October 2018 with two collective independent third parties, pursuant to which the Company will acquire, at an aggregate consideration of HK\$279,845,857, the entire issued share capital of two companies incorporated in the British Virgin Islands (the "Target Companies") from the two independent third parties respectively after a group reorganisation (the "Acquisitions"). Upon completion of the group reorganisation, the Target Companies will hold the controlling interest of group companies which primarily engage in the distributions of parallel-imported vehicles of a premium brand and other renowned brands in PRC. Pursuant to the conditional acquisition agreements, the aggregate consideration will be satisfied by the Company's issue of 4,338,695,455 shares at the issue price of HK\$0.0645 per share. It is expected that the Acquisitions will constitute a very substantial acquisition and reverse takeover involving a new listing application of the Company under the GEM Listing Rules.

On 1 March 2019, the Stock Exchange agreed to allow the Company to submit a new listing application relating to the Resumption Proposal on or before 31 May 2019.

On 29 May 2019, the Company submitted the new listing application (the "First New Listing Application") in form of a reverse takeover in relation to the Resumption Proposal. The First New Listing Application subsequently lapsed on 29 November 2019 as the process of the First New Listing Application was taken more than six months since the submission.

On 28 February 2020, the Company has re-submitted the new listing application (the "Second New Listing Application") to the Stock Exchange for seeking its approval for the resumption of trading in the shares of the Company. Details are set out in note 13(a) to this announcement.

The Company is an investment holding company. The principal activities of its subsidiaries are (i) 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; and (ii) licensing and trading of patents and provision of consultancy services on intellectual property management.

2. GOING CONCERN BASIS

The Group reported a loss attributable to the owners of the Company of approximately RMB16,445,000 during the year and had net current liabilities and net liabilities of approximately RMB8,944,000 and RMB8,693,000 respectively as at 31 December 2019. The Group maintained cash and cash equivalents of RMB492,000 as at 31 December 2019. 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 consolidated financial statements have been prepared on a going concern basis, the validity of which depends on whether the Group is able to utilise the financing facilities, at a level sufficient to finance the working capital requirements of the Group, and the success of the trading resumption proposal and new listing applications as detailed in notes 1 and 13(a) to this announcement. After considering the working capital forecast of the Group for the next twelve months, the available financing facilities and the impact of the trading resumption proposal and new listing applications as detailed in notes 1 and 13(a) to this announcement, 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, and adjustments would have to be made to write down the carrying 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 and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in these consolidated financial statements.

3. BASIS OF PREPARATION

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 4 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.

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

(a) Application of new and revised HKFRSs

The HKICPA has issued a new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the 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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, and the related interpretations, HK(IFRIC) 4 Determining whether an Arrangement contains a Lease, HK(SIC) 15 Operating Leases-Incentives and HK(SIC) 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact on leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(b) *Lessee accounting and transitional impact*

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases, the Group has applied the incremental borrowing rates of the relevant group entities at the commencement date of the lease. The weighted average incremental borrowing rate applied is 3.88%.

To ease the transition to HKFRS 16, the Group applied the practical expedient at the date of initial application of HKFRS 16.

The Group has elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	<i>RMB'000</i>
Operating lease commitments disclosed as at 31 December 2018	626
Less: commitments relating to lease exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(617)
— leases of low-value assets	(9)
	<hr/>
Lease liabilities recognised as at 1 January 2019	<hr/> <hr/> —

Electing not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment) and short-term leases and applying the practical expedient of the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of leases term at transition, there is no impact on the consolidated financial statements.

(c) *Impact of the financial results and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element. These elements are classified as financing cash outflows and operating cash outflows respectively. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

		2019		2018	
	Amounts reported under HKFRS 16 RMB'000	Add back: HKFRS 16 impairment, depreciation and interest expense RMB'000	Deduct: Estimated amounts related to operating lease as if under HKAS 17 RMB'000	Hypothetical amounts for 2019 as if under HKAS 17 RMB'000	Compared to amounts reported for 2018 under HKAS 17 RMB'000
Financial result for year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
Loss from operations	(16,544)	940	(108)	(15,712)	(7,557)
Finance costs	(1,338)	11	-	(1,327)	(178)
Loss before tax	(17,882)	951	(108)	(17,039)	(7,735)
Loss for the year	(16,445)	951	(108)	(15,602)	(7,927)

	2019			2018
	Estimated		Hypothetical	
	amounts		amounts	
	related		for 2019	Compared
	to operating		as if under	to amounts
	leases		HKAS 17	reported for
	as if under		HKAS 17	2018 under
	HKFRS 16		RMB'000	HKAS 17
	RMB'000		RMB'000	RMB'000
Line items in the consolidated cash flow statement for year ended 31 December 2019 impacted by the adoption of HKFRS 16:				
Cash used in operations	(14,260)	(108)	(14,368)	(13,546)
Interest element of lease rentals paid	(11)	11	-	-
Net cash used in operating activities	(14,281)	(97)	(14,378)	(13,598)
Capital element of lease rentals paid	(116)	116	-	-
Net cash generated from financing activities	10,308	116	10,424	8,816

Note 1: The “estimated amounts related to operating leases” is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no difference between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table, these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

(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 2019. 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 HKFRS 3 Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform	1 January 2020

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 it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

5. REVENUE AND OTHER INCOME

(a) Revenue

Disaggregation of revenue from contracts with customers by major service lines for the year is as follows:

	2019 RMB'000	2018 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
— Sales of car parking systems and provision of related maintenance services	91	181
— Sales of patents and provision of intellectual property services	<u>—</u>	<u>3,911</u>
	<u>91</u>	<u>4,092</u>

The Group derives all the revenue from the transfer of goods and services at a point in time in PRC from external customers for the years ended 31 December 2019 and 2018.

(b) Other income

	2019 RMB'000	2018 RMB'000
Imputed interest income on trade receivables	74	67
Interest income	5	9
Fair value gains on investment properties	615	69
Rental income	265	87
Written back of trade and other payables	<u>2,740</u>	<u>—</u>
	<u>3,699</u>	<u>232</u>

6. 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 and trading of patents and provision of consultancy services 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 (except for imputed interest on trade receivables included in the intellectual property services segment)

Segment assets do not include the following items:

- bank and cash balances
- other unallocated assets

Segment liabilities do not include the following items:

- borrowings
- current tax liabilities
- other unallocated liabilities

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 2019			
Revenue from external customers	91	–	91
Segment profit/(loss)	2,709	(6,275)	(3,566)
Interest revenue	–	5	5
Depreciation and amortisation	9	40	49
Income tax credit	–	1,437	1,437
Other material non-cash item:			
Allowance for trade and other receivables	–	5,585	5,585
Impairment loss on intangible assets	–	446	446
Impairment loss on property, plant and equipment	–	24	24
Written back of trade and other payables	2,740	–	2,740
As at 31 December 2019			
Segment assets	90	397	487
Segment liabilities	<u>983</u>	<u>791</u>	<u>1,774</u>

	Car parking systems <i>RMB'000</i>	Intellectual property services <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2018			
Revenue from external customers	181	3,911	4,092
Segment (loss)/profit	(553)	6	(547)
Interest revenue	–	9	9
Depreciation and amortisation	20	263	283
Income tax expense	–	192	192
Other material non-cash item:			
Allowance for trade and other receivables	100	570	670
As at 31 December 2018			
Segment assets	138	6,600	6,738
Segment liabilities	<u>3,752</u>	<u>905</u>	<u>4,657</u>

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

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Profit or loss		
Total loss of operating segments	(3,566)	(547)
Unallocated amounts:		
Other income	878	157
Corporate expenses	(12,419)	(7,359)
Finance costs	(1,338)	(178)
	<u> </u>	<u> </u>
Consolidated loss for the year	(16,445)	(7,927)
	<u> </u>	<u> </u>
Assets		
Total assets of operating segments	487	6,738
Unallocated amounts:		
Other receivables and other assets	17,361	14,154
Financial assets at FVTOCI	1,100	8,930
Bank and cash balances	492	4,460
	<u> </u>	<u> </u>
Consolidated total assets	19,440	34,282
	<u> </u>	<u> </u>
Liabilities		
Total liabilities of operating segments	1,774	4,657
Unallocated amounts:		
Other liabilities	7,119	3,780
Borrowings	19,240	8,816
Current tax liabilities	–	1,447
	<u> </u>	<u> </u>
Consolidated total liabilities	28,133	18,700
	<u> </u>	<u> </u>

Geographical information

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

	Revenue		Non-current assets	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Hong Kong	–	–	10,276	9,761
PRC except Hong Kong	91	4,092	–	557
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Consolidated total	91	4,092	10,276	10,318
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Revenue from major customers

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Car parking systems segment:		
Customer A	91	181
Intellectual property services segment:		
Customer B	<u> –</u>	<u> 2,830</u>

Revenue from one customer of the Group's car parking systems segment represents approximately RMB91,000 (2018: RMB181,000) of the Group's total revenue.

7. INCOME TAX (CREDIT)/EXPENSE

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Current tax — PRC Enterprise Income Tax		
Provision for the year	–	192
Over-provision in prior years	<u>(1,437)</u>	<u> –</u>
	<u>(1,437)</u>	<u> 192</u>

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 2019 and 2018.

No provision for PRC Enterprise Income Tax in PRC are required as the Group has no assessable profit arising in or derived from this jurisdictions for the year ended 31 December 2019. PRC Enterprise Income Tax is calculated at 25% on the estimated taxable income earned by the companies based on existing legislation, interpretation and practices in respect thereof for the year ended 31 December 2019.

8. LOSS FOR THE YEAR

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

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Amortisation of other intangible assets (included in administrative expenses)	26	51
Depreciation of property, plant and equipment	107	355
Depreciation of right-of-use assets	104	–
Loss on disposal of property, plant and equipment	25	–
Fair value gains on investment properties	(615)	(69)
Operating lease charges for land and buildings	538	1,183
Direct operating expenses of investment properties that generate rental income	39	113
Auditor's remuneration		
Current	366	351
Under-provision in prior year	–	–
	366	351
Foreign exchange losses/(gains), net	423	(44)
Allowance for trade and other receivables	5,585	670
Impairment loss on intangible assets	446	–
Impairment loss on property, plant and equipment	53	–
Impairment loss on right-of-use assets	836	–
	836	–

9. DIVIDEND

No dividend had been paid or declared by the Company during the year (2018: Nil).

10. 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 RMB16,445,000 (2018: RMB7,927,000) and the weighted average number of ordinary shares of approximately 2,324,301,136 (2018: 2,324,301,136) 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 2019 and 2018.

11. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2019 RMB'000	2018 <i>RMB'000</i>
Trade receivables	<i>(a)</i>	–	5,511
Other receivables	<i>(b)</i>	<u>7,572</u>	<u>5,063</u>
		<u>7,572</u>	<u>10,574</u>
Analysed as			
— Current		<u>7,572</u>	9,953
— Non-current		<u>–</u>	<u>621</u>
		<u>7,572</u>	<u>10,574</u>

(a) Trade receivables

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days, except for customers of licensing income, which range from 1 to 4 years. 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 or contract date, is as follows:

	2019 RMB'000	2018 <i>RMB'000</i>
Within 6 months	–	3,000
Within 6 to 12 months	–	630
Over 1 year	<u>10,767</u>	<u>7,063</u>
	<u>10,767</u>	10,693
Allowance for trade receivables	<u>(10,767)</u>	<u>(5,182)</u>
	<u>–</u>	<u>5,511</u>

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

(b) Other receivables

	2019 RMB'000	2018 <i>RMB'000</i>
Prepaid expenses	7,239	4,554
Rental and utility deposits	99	269
Others	<u>234</u>	<u>240</u>
	<u>7,572</u>	<u>5,063</u>

No allowance (2018: RMB100,000) was made for estimated irrecoverable other receivables for the years ended 31 December 2019.

12. TRADE AND OTHER PAYABLES

	<i>Notes</i>	2019 RMB'000	2018 <i>RMB'000</i>
Trade payables	<i>(a)</i>	–	841
Other payables	<i>(b)</i>	8,069	7,596
		8,069	8,437
Analysed as			
— Current		7,534	8,259
— Non-current		535	178
		8,069	8,437

(a) Trade payables

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

	2019 RMB'000	2018 <i>RMB'000</i>
Over 1 year	–	841

(b) Other payables

	2019 RMB'000	2018 <i>RMB'000</i>
Accruals for operating expenses	2,765	2,578
Accrued interest	1,504	178
Other tax payable	737	738
Provision for staff and workers' bonus and welfare fund	291	298
Salaries and welfare payables	1,716	1,797
Others	1,056	2,007
	8,069	7,596

13. EVENTS AFTER THE REPORTING PERIOD

- (a) On 28 February 2020, the Company has re-submitted the Second New Listing Application to the Stock Exchange for seeking its approval for the resumption of trading in the shares of the Company. In support of the Second New Listing Application, the Company has proposed following new arrangements:
- (i) The Company has proposed to implement a capital reorganisation as follows:
 - (A) the credit amount of the share premium account of the Company will be cancelled to set off against part of accumulated losses;
 - (B) every ten issued shares of HK\$0.05 each will be consolidated into one issued consolidated share of the Company of HK\$0.50 each (the “Consolidated Share(s)"); as a result, there will be a total of 232,430,113 Consolidated Shares in issue upon the completion of the share consolidation; and the nominal value of the issued Consolidated Shares will be reduced from HK\$0.50 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.49 each.
 - (ii) Both two conditional share purchase agreements with two collective independent third parties dated 26 October 2018 as disclosed in note 1 to this announcement would be revised, pursuant to which the Company will acquire, at an aggregate consideration of HK\$279,845,857, the entire issued share capital of two companies incorporated in the British Virgin Islands from the two independent third parties respectively after the group reorganisation and the aggregate consideration will be satisfied by the Company’s issue of 1,301,608,637 Consolidated Shares at the issue price of HK\$0.215 per Consolidated Share.
 - (iii) Upon completion of the Acquisitions and pursuant to the new arrangement proposal of the Second New Listing Application, the Company proposes to offer a total 306,925,568 Consolidated Shares (the “Offer Shares”) for subscription at the offer price of HK\$0.215 per Offer Share. 153,462,784 Offer Shares are available for subscription by the public and 153,462,784 Offer Shares are available for subscription by the qualifying shareholders of the Company to be determined.
- (b) After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impact on the Group’s financial position, cash flows and operating results at the date on which these financial statements are authorised for issue.

EXTRACT FROM INDEPENDENT AUDITOR’S REPORT

The Company’s auditor has issued a disclaimer of opinion on the Group’s consolidated financial statements for the year ended 31 December 2019, an extract of which is as follows:

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Jian ePayment Systems Limited (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

As detailed in note 2 in the consolidated financial statements, the Group incurred a net loss of approximately RMB16,445,000 during the year ended 31 December 2019 and had net current liabilities and net liabilities of approximately RMB8,944,000 and RMB8,693,000 respectively as at 31 December 2019. The Group maintained cash and cash equivalents of RMB492,000 as at 31 December 2019. 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.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the success of the trading resumption proposals and new listing applications as detailed in notes 1 and 37(a) to the consolidated financial statements. However, we were unable to satisfy ourselves that the undrawn financing facilities of RMB22,371,000 described in note 29 to the consolidated financial statements would continue to be made available to the Group and hence that the Group would be able to successfully execute these transactions.

Should the Group be unable to continue as a going concern, and adjustments would have to be made to write down the carrying 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 and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the year under review, the Group recorded a revenue of approximately RMB91,000 (2018: RMB4,092,000), representing a decrease of 98% over the last year. Loss and total comprehensive income for the year attributable to owners of the Company amounted to approximately RMB24,275,000 (2018: RMB5,330,000), representing an increase of 355%. This was due to the Group ceased trading activities and concentrated its efforts in planning and execution of a major reorganization following the suspension of its share trading in the Stock Exchange since 15 May 2018. Essentially, the Group continued to focused on the preparation of a resumption proposal (the “Resumption Proposal”). Further, the Group continued in exercising stringent and prudent cost control measures on all aspects of its operations and expenses.

Liquidity and Financial Resources

As at 31 December 2019, the Group had total assets of approximately RMB19,440,000 (2018: RMB34,282,000) and net current liabilities of approximately RMB8,944,000 (2018: net current assets of RMB4,707,000). The Group’s current ratio, being a ratio of current assets to current liabilities, was 0.47 (2018: 1.48).

The Group generally finances its operations with borrowings and existing financial resources. As at 31 December 2019, the Group had bank and cash balances of approximately RMB492,000 (2018: RMB4,460,000) and borrowings of RMB19,240,000 (2018: RMB8,816,000).

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. In view of the knowledge of certain external fund borrowing arrangements in place, 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 2019.

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 credit for the year ended 31 December 2019 are set out in note 7 to this announcement.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2019.

Business Review and Outlook

Prior to the year under review, on 14 May 2018, from the Review Committee of the Stock Exchange delivered its decision to uphold the Listing Division's Decision to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and proceed with cancellation of the Company's listing under Rule 9.14 of the GEM Listing Rules. The Review Committee considered that the Company had failed to maintain a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated under GEM Listing Rule 17.26 to warrant the continued listing of the Company's shares. The Company has until the end October of 2018 to submit a resumption proposal to demonstrate that it has a sufficient level of operations or assets as required by GEM Listing Rule 17.26.

On 29 October 2018, the Company submitted the Resumption Proposal to the Stock Exchange for seeking its approval for the resumption of trading in the shares of the Company (the "Shares"). The Resumption Proposal involves the acquisition of the entire issued share capital of a company primarily engaged in the sale of imported premium brand vehicles (the "Acquisition"). Upon completion of the Acquisition, it is expected that the Company will satisfy the requirements under Rule 17.26 of the GEM Listing Rules. The Acquisition will constitute a very substantial acquisition and a reverse takeover involving a new listing application of the Company under the GEM Listing Rules.

During the year under review, on 1 March 2019, the Stock Exchange agreed to allow the Company to submit a new listing application relating to the Resumption Proposal on or before 31 May 2019.

An application has been made by the Company to Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director (the "Executive") pursuant to Rule 8.2 of the Takeovers Code for the Executive's consent to extend the latest date for despatch of the circular in relation to the new listing application (the "Circular") to 31 October 2019 to allow more time for the Company in relation to the new listing application. The Executive granted such extension on 2 May 2019.

The Company submitted a new listing application (the "First New Listing Application") in connection with the Resumption Proposal on 29 May 2019. On the same day, the Circular was also submitted to the Stock Exchange and the Executive for their review and comment. However, the First New Listing Application submitted to the Stock Exchange lapsed on 29 November 2019.

Further, subsequent to the year under review, on 28 February 2020, the Company re-submitted the listing application to continue its application to list on the Stock Exchange.

With respect to the business operations of the Group, the Group is currently focusing its resources on the resumption of trading of its Shares (the “Resumption”). Upon Resumption, the enlarged Group will be engaged in the business of the target companies and its subsidiaries (the “Target Group”). The Target Group principally engages in (i) the operation of the 4S dealership Store of the Automobile Brand in Nanjing, Jiangsu province, the PRC (ii) the trading of new parallel-imported automobiles in the PRC, (iii) the trading of preowned automobiles in the PRC and (iv) the distribution of IMSA-tuned automobiles in the PRC.

Looking forward, the Company holds a positive outlook on the business of the Target Group after the completion of the re-organisation.

Employment, Training and Development

At 31 December 2019, the Group employed approximately 15 employees (2018: 17 employees). The Group remunerates its staff according to their performance, qualifications and experience, and conducts regular reviews of its remuneration policy. Employees may receive discretionary bonuses and monetary rewards based on their ratings in annual performance appraisals. New employee is required to attend a training courses, while all employees of the Group are required to attend professional development courses.

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 2019, 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 2019 are as follows.

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 2019

The Company only held one general meeting, that is its annual general meeting on 17 May 2019, during the year ended 31 December 2019.

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. Guo Shi Zhan, Mr. Luo Ze Min and Dr. Xia Ting Kang) and two non-executive Directors (namely Mr. Hu Hai Yuan and Mr. Huang Zhang Hui) were unable to attend the general meetings of the Company held on 17 May 2019. 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.

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 2019.

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.

EVENTS OCCURRED AFTER THE REPORTING PERIOD

At the date of this announcement, save as disclosed in note 13 to this announcement, no other material events has occurred after the reporting period.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's draft audited consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

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 audit committee comprises two independent non-executive directors, namely, Mr. Luo Ze Min and Dr. Xia Ting Kang and one non-executive director Mr. Huang Zhang Hui. Mr. Luo Ze Min is the chairman of the Audit Committee and possesses the appropriate professional qualifications. The primary duties of the Audit Committee are to oversee the financial reporting system and internal control system of the Group, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by the Board. The Group's consolidated results for the year ended 31 December 2019 have been reviewed by the audit committee. The audit committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2019 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By Order of the Board
Jian ePayment Systems Limited
Huang Zhang Hui
Chairman

Hong Kong, 15 May 2020

As at the date of this announcement, the Board comprises two executive directors: Mr. Wang Jiang Wei and Mr. Wang Tie Jian; two non-executive directors: Mr. Hu Hai Yuan and Mr. Huang Zhang Hui; and two independent non-executive directors: Mr. Luo Zemin and Dr. Xia Ting Kang.

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.