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 2018

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.

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 2018 amounted to RMB4,092,000 (2017: RMB13,106,000), representing a decrease of 69%.

— Loss and total comprehensive income attributable to owners of the Company for the year ended 31 December 2018 amounted to RMB5,330,000 (2017: profit of RMB512,000).

— Basic loss per share of amounted to approximately RMB0.34 cents for the year ended 31 December 2018 (2017: basic earnings per share of RMB0.02 cents).

ANNUAL RESULTS

The board of directors (the "Board") of Jian ePayment Systems Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2018, together with the comparative figures for the year ended 31 December 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	2018 RMB'000	2017 RMB'000
Turnover	*5(a)*	**4,092**	13,106
Cost of goods sold and services rendered		**(1,530)**	(2,174)
Gross profit		**2,562**	10,932
Other income	*5(b)*	**232**	962
Allowance for trade and other receivables		**(670)**	(50)
Reversal of allowance for other receivables		**–**	11
Distribution costs		**–**	(392)
Administrative expenses		**(9,681)**	(9,101)
Other operating expenses		**–**	(41)
(Loss)/profit from operations		**(7,557)**	2,321
Finance costs		**(178)**	(608)
(Loss)/profit before tax		**(7,735)**	1,713
Income tax expense	*7*	**(192)**	(1,201)
(Loss)/profit for the year	*8*	**(7,927)**	512
Other comprehensive income after tax for the year:			
Item that will not be reclassified to profit or loss:			
Fair value changes of equity investments at fair value through other comprehensive income ("FVTOCI")		**2,597**	–
(Loss)/profit and total comprehensive income for the year attributable to owners of the Company		**(5,330)**	512
		RMB cents	*RMB cents*
(Loss)/earnings per share			
Basic	*10*	**(0.34)**	0.02
Diluted	*10*	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Note	2018 RMB'000	2017 RMB'000
Non-current assets			
Property, plant and equipment		**185**	540
Investment properties		**9,661**	9,592
Intangible assets		**472**	523
Trade receivables	*11*	**621**	554
Available-for-sale financial assets		**–**	5,000
Equity investments at FVTOCI		**8,930**	–
		19,869	16,209
Current assets			
Inventories		**–**	–
Trade and other receivables	*11*	**9,953**	3,772
Bank and cash balances		**4,460**	9,233
		14,413	13,005
Current liabilities			
Trade and other payables	*12*	**8,259**	8,328
Current tax liabilities		**1,447**	1,307
		9,706	9,635
Net current assets		**4,707**	3,370
Total assets less current liabilities		**24,576**	19,579
Non-current liabilities			
Trade and other payables	*12*	**178**	–
Borrowings		**8,816**	–
		8,994	–
NET ASSETS		**15,582**	19,579
Capital and reserves			
Share capital		**103,880**	103,880
Reserves		**(88,298)**	(84,301)
TOTAL EQUITY		**15,582**	19,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

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. On 1 March 2019, the Resumption Proposal was approved by the Stock Exchange. Details are set out in note 13(a).

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 RMB7,927,000 for the year ended 31 December 2018. This condition indicates 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 on the existing financing facilities and the financing facilities as detailed in note 13(b), at a level sufficient to finance the working capital requirements of the Group. 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 as detailed in note 13(a) being executed, 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. 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).

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 number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2018. Of these, the following developments are relevant to the Group's consolidated financial statements:

(i) HKFRS 9 Financial Instruments; and

(ii) HKFRS 15 Revenue from Contracts with Customers

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies.

(a) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at FVTOCI, and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

(b) Measurement

At initial recognition, the Group measures a financial assets at its fair value plus, in the case of a financial assets not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognsied in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment losses are presented as separate line item in the statement of profit or loss.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(c) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Set out below is the impact of the adoption of HKFRS 9 on the Group.

No additional impairment for trade and other receivables as at 1 January 2018 is recognised as the amount of additional impairment measured under the expected credit losses model is immaterial.

The reclassification of available-for-sale financial assets to equity investments at FVTOCI does not result in any impact on the Group's opening accumulated losses as at 1 January 2018.

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018.

Financial assets	*Note*	**Classification under HKAS 39**	**Classification under HKFRS 9**	**Carrying amount under HKAS 39** *RMB'000*	**Carrying amount under HKFRS 9** *RMB'000*
Equity investments	*(a)*	Available-for-sale	FVTOCI	5,000	6,333
Trade and other receivables	*(b)*	Loans and receivables	Amortised cost	4,326	4,326

The impact of these changes on the Group's equity is as follows:

	Note	**Effect on FVTOCI reserve** *RMB'000*
Opening balance — HKAS 39		–
Reclassify non-trading equity investments from available-for-sale to financial assets at FVTOCI	*(a)*	1,333
Opening balance — HKFRS 9		1,333

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application.

Notes:

(a) These equity investments represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by HKFRS 9, the Group has designated these investments at the date of initial application as measured at FVTOCI. As a result, the equity investments with a cost of RMB5,000,000 were reclassified from available-for-sale financial assets to financial assets at FVTOCI and fair value gains of RMB1,333,000 were recognised in the FVTOCI reserve on 1 January 2018. Unlike HKAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(b) Trade and other receivables that were classified as loans and receivables under HKAS 39 are now classified at amortised cost. No additional impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to HKFRS 9 as the amount of additional impairment measured under the expected credit losses model is immaterial.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018.

The adoption of HKFRS 15 does not have any material impact on the Group's consolidated financial statements.

(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 2018. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16 Leases	1 January 2019
HK(IFRIC) Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to HKFRSs 2015–2017 Cycle	1 January 2019

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 HKFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's quarterly financial report for the three months ending 31 March 2019. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that quarterly financial report.

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.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. 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 RMB626,000 as at 31 December 2018. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from 2019 onwards.

HK(IFRIC) Interpretation 23 Uncertainty over Income Tax Treatments

The interpretation of HKAS 12 Income Taxes sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.

5. TURNOVER AND OTHER INCOME

(a) Turnover

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

	2018	2017
	RMB'000	*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	**181**	–
— Sales of patents and provision of intellectual property services	**3,911**	13,106
	4,092	13,106

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 2018 and 2017.

(b) Other income

	2018	2017
	RMB'000	*RMB'000*
Imputed interest income on trade receivables	**67**	–
Interest income	**9**	1
Fair value gains on investment properties	**69**	953
Rental income	**87**	–
Sundry income	**–**	8
	232	962

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 2018			
Turnover 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	**3,752**	**905**	**4,657**

	Car parking systems *RMB'000*	Intellectual property services *RMB'000*	Total *RMB'000*
Year ended 31 December 2017			
Turnover from external customers	–	13,106	13,106
Segment (loss)/profit	(1,668)	7,451	5,783
Interest revenue	1	–	1
Depreciation and amortisation	11	182	193
Income tax expense	–	1,201	1,201
Other material non-cash item:			
Allowance for trade and other receivables	50	–	50
Additions to segment non-current assets	–	890	890
As at 31 December 2017			
Segment assets	293	4,735	5,028
Segment liabilities	3,802	1,322	5,124

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

	2018	2017
	RMB'000	*RMB'000*
Profit or loss		
Total (loss)/profit of operating segments	**(547)**	5,783
Unallocated amounts:		
Other income	**157**	950
Corporate expenses	**(7,359)**	(5,899)
Finance costs	**(178)**	(322)
Consolidated (loss)/profit for the year	**(7,927)**	512
Assets		
Total assets of operating segments	**6,738**	5,028
Unallocated amounts:		
Other receivables and other assets	**14,154**	9,953
Available-for-sale financial assets	**–**	5,000
Equity investments at FVTOCI	**8,930**	–
Bank and cash balances	**4,460**	9,233
Consolidated total assets	**34,282**	29,214
Liabilities		
Total liabilities of operating segments	**4,657**	5,124
Unallocated amounts:		
Other liabilities	**3,780**	3,204
Borrowings	**8,816**	–
Current tax liabilities	**1,447**	1,307
Consolidated total liabilities	**18,700**	9,635

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	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Hong Kong	**–**	–	**9,761**	9,816
PRC except Hong Kong	**4,092**	13,106	**557**	839
Consolidated total	**4,092**	13,106	**10,318**	10,655

Turnover from major customers

The Group's customers base included one (2017: two) customer with whom transactions have exceeded 10% of the Group's turnover. Turnover from those customers is set out as below:

	2018	2017
	RMB'000	*RMB'000*
Intellectual property services segment:		
Customer A *(note i)*	**2,830**	N/A
Customer B *(note ii)*	**N/A**	3,962
Customer C *(note ii)*	**N/A**	2,830

(i) Customer A is a new customer of the Group for the year ended 31 December 2018.

(ii) Customer B and C did not contribute over 10% of the total turnover of the Group for the year ended 31 December 2018.

7. INCOME TAX EXPENSE

	2018	2017
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax		
Provision for the year	**192**	1,201

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 2018 and 2017.

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.

8. (LOSS)/PROFIT FOR THE YEAR

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

	2018	2017
	RMB'000	*RMB'000*
Amortisation of other intangible assets (included in administrative expenses)	**51**	33
Depreciation of property, plant and equipment	**355**	296
Loss on disposal of property, plant and equipment	**–**	41
Fair value gains on investment properties	**(69)**	(953)
Operating lease charges for land and buildings	**1,183**	1,199
Direct operating expenses of investment properties that generate rental income	**113**	–
Direct operating expenses of investment properties that did not generate rental income	**–**	22
Research and development costs	**–**	620
Auditor's remuneration		
Current	**351**	317
Under-provision in prior year	**–**	–
	351	317
Foreign exchange (gains)/losses	**(44)**	343
Reversal of allowance for other receivables	**–**	11
Allowance for trade and other receivables	**670**	50

9. DIVIDEND

No dividend had been paid or declared by the Company during the year (2017: Nil).

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss for the year attributable to owners of the Company of approximately RMB7,927,000 (2017: profit of RMB512,000) and the weighted average number of ordinary shares of approximately 2,324,301,136 (2017: 2,288,204,000) in issue during the year.

Diluted (loss)/earnings per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2018 and 2017.

11. TRADE AND OTHER RECEIVABLES

	Note	**2018**	2017
		RMB'000	*RMB'000*
Trade receivables	*(a)*	**5,511**	3,219
Other receivables	*(b)*	**5,063**	1,107
		10,574	4,326
Analysed as			
— Current		**9,953**	3,772
— Non-current		**621**	554
		10,574	4,326

(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 date, is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 6 months	**3,000**	3,219
Within 6 to 12 months	**630**	–
Over 1 year	**7,063**	4,612
	10,693	7,831
Allowance for trade receivables	**(5,182)**	(4,612)
	5,511	3,219

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

(b) Other receivables

	2018	2017
	RMB'000	*RMB'000*
Prepaid expenses	**4,554**	375
Rental and utility deposits	**269**	268
Others	**240**	464
	5,063	1,107

An allowance of RMB100,000 (2017: Nil) was made for estimated irrecoverable other receivables for the years ended 31 December 2018.

12. TRADE AND OTHER PAYABLES

	Note	2018 RMB'000	2017 RMB'000
Trade payables	*(a)*	**841**	841
Other payables	*(b)*	**7,596**	7,487
		8,437	8,328
Analysed as			
— Current		**8,259**	8,328
— Non-current		**178**	–
		8,437	8,328

(a) Trade payables

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

	2018 RMB'000	2017 RMB'000
Over 1 year	**841**	841

(b) Other payables

	2018 RMB'000	2017 RMB'000
Accruals for operating expenses	**2,578**	2,478
Accrued interest	**178**	–
Other tax payable	**738**	512
Provision for staff and workers' bonus and welfare fund	**298**	329
Salaries and welfare payables	**1,797**	2,207
Others	**2,007**	1,961
	7,596	7,487

13. EVENTS AFTER THE REPORTING PERIOD

(a) Trading in the share of the Company on the Stock Exchange was suspended since 15 May 2018.

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. 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$265,853,564, 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 4,121,760,682 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. If the Company fails to do so or the Resumption Proposal fails to proceed for any reasons, the Stock Exchange will proceed with cancelling the Company's listing.

(b) On 26 March 2019, the Company entered into a loan agreement with an independent third party for a non-revolving financing facility of RMB21,957,000 (equivalent to HK$25,000,000) for the purpose of financing professional fees incurred in executing the Resumption Proposal and the Company's daily operating purpose. The financing facility bears a fixed interest rate of 9%, is repayable upon 1 year after the drawdown date and is secured by the investment property of the Group of RMB9,661,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the year under review, the Group recorded a turnover of approximately RMB4,092,000 (2017: RMB13,106,000), representing a decrease of 69% over the last year. Net loss and total comprehensive income for the year attributable to owners of the Company amounted to approximately RMB5,330,000 (2017: profit of RMB512,000). This was due to the Group redirected 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 ceased trading activities and concentrated on the preparation of a resumption proposal (the "Resumption Proposal"). The Group will continue to exercise prudent cost control measures by implementing tight expenses measures in operation.

Liquidity and Financial Resources

As at 31 December 2018, the Group had total assets of approximately RMB34,282,000 (2017: RMB29,214,000) and net current assets of approximately RMB4,707,000 (2017: RMB3,370,000). The Group's current ratio, being a ratio of current assets to current liabilities, was 1.48 (2017: 1.35).

The Group generally finances its operations with internally generated cash flows. As at 31 December 2018, the Group had bank and cash balances of approximately RMB4,460,000 (2017: RMB9,233,000).

Cost control measures have already been in place to monitor the day-to-day operational and administrative expenses. The management will continue to closely review the Group's financial resources in a cautious manner and explore opportunities in potential financial institutions financing and equity funding. Taking into consideration the Group's current financial resources, the directors believe that the Group shall have adequate fund for its continual operation and development.

Charge on Group's Assets

The Group did not have any charge on its assets as at 31 December 2018.

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 2018 are set out in note 7 to this announcement.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2018.

Business Review and Outlook

Earlier in the year under review, the Group continued to actively develop its business in the area of intellectual property rights and beared positive outcomes. Following the decision by the Stock Exchange, trading in the shares of the Company was suspended since 15 May 2018. The Group winded down all its trading activities and redirected its effort on the preparation of the Resumption Proposal.

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. In support of the Resumption Proposal, the Company entered into two conditional share purchase agreements both dated 26 October 2018 with two separate independent third parties, pursuant to which the Company will acquire, at an aggregate consideration of HK$265,853,564, 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 a group of 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 4,121,760,682 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. If the Company fails to do so or the Resumption Proposal fails to proceed for any reasons, the Stock Exchange will proceed with cancelling the Company's listing.

Employment, Training and Development

At 31 December 2018, the Group employed approximately 17 employees (2017: 27 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 2018, 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 2018 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 2018

The Company only held one general meeting, that is its annual general meeting on 17 May 2018, during the year ended 31 December 2018.

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 2018. 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.

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 2018, 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 2018.

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 preliminary announcement 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 2018 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 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 Dr. Xia Ting Kang. 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 Audit Committee of the Company, together with the management of the Company and the external auditor, reviewed both the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2018. The Group's audited consolidated results for the year ended 31 December 2018 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 2018 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, 29 March 2019

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 three independent non-executive directors: Mr. Guo Shi Zhan, 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.