Jian ePayment Systems Limited

華普智通系統有限公司

(Incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 8165

2019

Interim Report

中期報告

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.

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This report, for which the directors (the "Directors") of Jian ePayment Systems Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Corporate Information

Non-executive Directors

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

Executive Directors

Mr. Wang Jiang Wei
Mr. Wang Tie Jian

Independent Non-executive Directors

Mr. Guo Shi Zhan[1]
Mr. Luo Ze Min
Dr. Xia Ting Kang

Audit Committee

Mr. Luo Ze Min *(Chairman)*
Mr. Guo Shi Zhan[1]
Dr. Xia Ting Kang
Mr. Huang Zhang Hui[2]

Remuneration Committee

Mr. Luo Ze Min *(Chairman)*
Mr. Guo Shi Zhan[1]
Dr. Xia Ting Kang
Mr. Huang Zhang Hui[2]

Nomination Committee

Mr. Luo Ze Min *(Chairman)*
Mr. Guo Shi Zhan[1]
Dr. Xia Ting Kang
Mr. Huang Zhang Hui[2]

Chief Executive Officer

Mr. Li Sui Yang

Compliance Officer

Mr. Wang Jiang Wei

[1] *Retired on 17 May 2019*
[2] *Appointed on 21 May 2019*

Company Secretary

Mr. Liang Tien Tzu

Authorised Representatives

Mr. Wang Jiang Wei
Mr. Liang Tien Tzu

Auditor

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

Registered Office

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

Principal Place of Business

Suite 1104, Hantang Plaza
Overseas Chinese Town
Nanshan District, Shenzhen, PRC

Hong Kong Office

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

Principal Banker

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

Principal Registrars

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

Hong Kong Branch Registrars

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

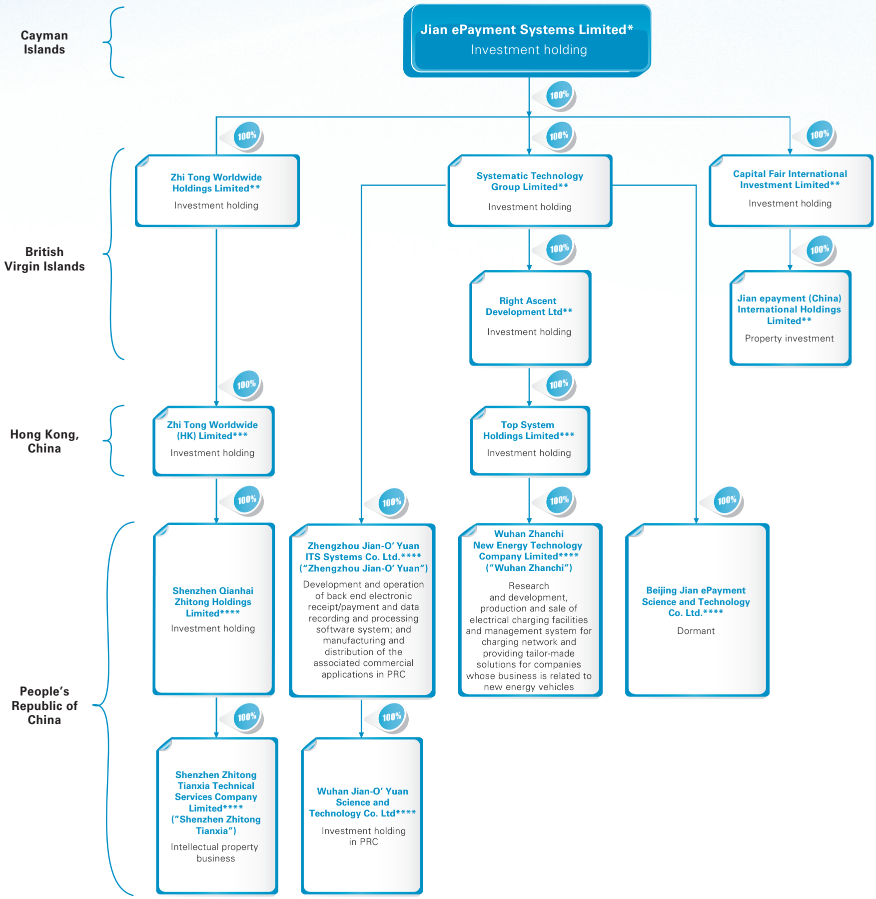
Stock Code

8165

Company Website

www.jianepayment.com

Corporate Structure



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

Highlights

- Turnover for the six months ended 30 June 2019 was nil (2018: RMB4,092,000).

- The loss for the period amounted to approximately RMB6,247,000 for the six months ended 30 June 2019 (2018: Profit of RMB283,000).

- Total comprehensive loss attributable to owners of the Company amounted to approximately RMB14,457,000 for the six months ended 30 June 2019 (2018: Income of RMB2,880,000).

- Loss per share amounted to RMB0.27 cent for the six months ended 30 June 2019 (2018: Earnings per share of RMB0.01 cent).

Independent Review Report

TO THE BOARD OF DIRECTORS OF JIAN ePAYMENT SYSTEMS LIMITED
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 8 to 29 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Other matter

The condensed consolidated statement of profit or loss and other comprehensive income for each of the three months ended 30 June 2019 and 2018, and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

Material uncertainty related to going concern

We draw attention to note 2 in the condensed consolidated financial statements, which indicates that the Group incurred a net loss of RMB6,247,000 during the six months ended 30 June 2019. As stated in note 2, this event or condition, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

RSM Hong Kong
Certified Public Accountants
Hong Kong
14 August 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Unaudited			
		Six months ended 30 June		Three months ended 30 June	
	Note	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
Revenue	*6*	**–**	4,092	**–**	296
Cost of services rendered		**–**	(1,235)	**–**	(511)
Gross profit/(loss)		**–**	2,857	**–**	(215)
Other income		**3,803**	1,677	**3,737**	1,653
Other operating expenses		**(452)**	–	**(452)**	–
Impairment losses for trade receivables		**(630)**	–	**(630)**	–
Administrative expenses		**(8,563)**	(3,818)	**(2,701)**	(2,490)
(Loss)/profit from operations		**(5,842)**	716	**(46)**	(1,052)
Finance costs		**(405)**	–	**(281)**	–
(Loss)/profit before tax		**(6,247)**	716	**(327)**	(1,052)
Income tax expense	*8*	**–**	(433)	**–**	(426)
(Loss)/profit for the period	*7*	**(6,247)**	283	**(327)**	(1,478)

		Unaudited			
		Six months ended 30 June		Three months ended 30 June	
	Note	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
Other comprehensive income after tax:					
Items that may not be reclassified to profit or loss:					
Fair value changes of equity investments at fair value through other comprehensive income ("FVTOCI")		**(8,210)**	2,597	**(8,210)**	2,597
Total comprehensive income for the period attributable to owners of the Company		**(14,457)**	2,880	**(8,537)**	1,119
		RMB cents	RMB cents	**RMB cents**	RMB cents
(Loss)/earnings per share					
Basic	*10*	**(0.27)**	0.01	**(0.01)**	(0.06)
Diluted	*10*	**N/A**	N/A	**N/A**	N/A

Condensed Consolidated Statement of Financial Position

AT 30 JUNE 2019

	Note	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Non-current assets			
Property, plant and equipment	*11*	**103**	185
Investment properties		**10,557**	9,661
Intangible assets		**–**	472
Trade receivables	*12*	**654**	621
Equity investments at FVTOCI		**720**	8,930
		12,034	19,869
Current assets			
Trade and other receivables	*12*	**8,388**	9,953
Bank and cash balances		**1,045**	4,460
		9,433	14,413
Current liabilities			
Trade and other payables	*13*	**5,231**	8,259
Current tax liabilities		**1,447**	1,447
		6,678	9,706
Net current assets		**2,755**	4,707
Total assets less current liabilities		**14,789**	24,576

	Note	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Non-current liabilities			
Trade and other payables	*13*	**583**	178
Borrowings	*14*	**13,081**	8,816
		13,664	8,994
NET ASSETS		**1,125**	15,582
Capital and reserves			
Share capital	*15*	**103,880**	103,880
Accumulated loss		**(102,755)**	(88,298)
TOTAL EQUITY		**1,125**	15,582

Approved by the Board of Directors on 14 August 2019 and signed on its behalf by:

Luo Ze Min
Director

Wang Jiang Wei
Director

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	(Unaudited)									
	Share capital RMB'000	Share premium account RMB'000	Capital reserves RMB'000	General reserve fund RMB'000	Enterprise expansion fund RMB'000	Option reserve RMB'000	Property revaluation reserves RMB'000	FVTOCI reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2018	103,880	71,520	6,976	2,870	1,435	11,688	4,260	–	(183,050)	19,579
Adjustment on initial application of HKFRS 9	–	–	–	–	–	–	–	1,333	–	1,333
Restated balance at 1 January 2018	103,880	71,520	6,976	2,870	1,435	11,688	4,260	1,333	(183,050)	20,912
Total comprehensive income for the period	–	–	–	–	–	–	–	2,597	283	2,880
Changes in equity for the period	–	–	–	–	–	–	–	2,597	283	2,880
At 30 June 2018	103,880	71,520	6,976	2,870	1,435	11,688	4,260	3,930	(182,767)	23,792
At 31 December 2018	**103,880**	**71,520**	**6,976**	**2,870**	**1,435**	**11,688**	**4,260**	**3,930**	**(190,977)**	**15,582**
Lapse of share options	**–**	**–**	**–**	**–**	**–**	**(2,957)**	**–**	**–**	**2,957**	**–**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(8,210)**	**(6,247)**	**(14,457)**
Changes in equity for the period	**–**	**–**	**–**	**–**	**–**	**(2,957)**	**–**	**(8,210)**	**(3,290)**	**(14,457)**
At 30 June 2019	**103,880**	**71,520**	**6,976**	**2,870**	**1,435**	**8,731**	**4,260**	**(4,280)**	**(194,267)**	**1,125**

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH USED IN OPERATING ACTIVITIES	**(7,683)**	(3,545)
Other investing cash flows	**3**	3
NET CASH GENERATED FROM INVESTING ACTIVITIES	**3**	3
Borrowings raised	**4,265**	–
NET CASH GENERATED FROM FINANCING ACTIVITIES	**4,265**	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,415)**	(3,542)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**4,460**	9,233
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**1,045**	5,691
REPRESENTED BY:		
Bank and cash balances	**1,045**	5,691

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These condensed consolidated financial statements should be read in conjunction with the 2018 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2018 except as stated below.

2. GOING CONCERN BASIS

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. The Company has further submitted a new listing application in form of a reverse takeover in relation to the Resumption Proposal on 29 May 2019 and approval of the new listing has not yet been granted by the Stock Exchange.

In addition, the Group reported a loss attributable to the owners of the Company of approximately RMB6,247,000 for the six months ended 30 June 2019. 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 whether the group is able to finance its working capital requirements by utilising the existing available financing facilities of RMB43,914,000 (equivalent to HK$50,000,000) of which RMB13,081,000 (equivalent to HK$15,000,000) was drawn as at 30 June 2019 as detailed in note 14 to the condensed consolidated financial statements. After considering the working capital forecast of the Group for the next twelve months, the available financing facilities, and the potential impact and likelihood of the new listing application being successful, 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 condensed consolidated financial statements on a going concern basis.

2. GOING CONCERN BASIS *(Continued)*

Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has initially adopted HKFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's condensed consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, HK(IFRIC) Interpretation 4 Determining whether an Arrangement contains a Lease, HK(SIC) Interpretation 15 Operating Leases-Incentives and HK(SIC) Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

Lessor accounting under HKFRS 16 is substantially unchanged under HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has applied HKFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated — i.e. it is presented, as previously reported, under HKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under HK(IFRIC) Interpretation 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

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

HKFRS 16 Leases *(Continued)*

(a) Definition of a lease (Continued)

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC) Interpretation 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) As a lessee

The Group leases properties and IT equipment. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Group shall recognises right-of-use assets and lease liabilities for most leases.

However, the Group has elected 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. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

No right-of-use asset related to the property leases as at 1 January 2019 is recognised since all the leases of the Group as at that date end within 12 months of the date of initial application and the Group has elected not to apply the recognition requirements to these leases.

Significant accounting policies

The Group recognises a right-of-use assets and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

HKFRS 16 Leases *(Continued)*

(b) As a lessee (Continued)

Significant accounting policies (Continued)

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Transition

Previously, the Group classified property leases as operating leases under HKAS 17. These include office properties. The leases typically run for a period of 2 years.

When applying HKFRS 16 to leases previously classified as operating leases under HKAS 17, the Group used 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.

(c) As a lessor

The Group leases out its investment properties. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under HKAS 17.

The Group is not required to make any adjustments on transition to HKFRS 16 for leases in which it acts as a lessor. However, the Group has applied HKFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

(d) Impacts of financial statements

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 condensed consolidated financial statements.

4. FAIR VALUE MEASUREMENT

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

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

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

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

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

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

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value of the carrying amount is a reasonable approximation of fair value. Further, for the current year the fair value disclosure of lease liabilities is also not required.

(a) Disclosure of level in fair value hierarchy at 30 June 2019

Description	Fair value measurements as at 30 June 2019 Level 3 RMB'000
Recurring fair value measurements:	
Financial assets at FVTOCI	
Unlisted equity securities	**720**
Investment properties	
Residential units — Hong Kong	**10,557**
Total	**11,277**

4. FAIR VALUE MEASUREMENT *(Continued)*

(a) Disclosure of level in fair value hierarchy at 30 June 2019 *(Continued)*

Description	Fair value measurements as at 31 December 2018 Level 3 RMB'000
Recurring fair value measurements:	
Financial assets at FVTOCI	
Unlisted equity securities	8,930
Investment properties	
Residential units — Hong Kong	9,661
Total	18,591

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

	Financial assets at FVTOCI		Investment properties	
	2019 RMB'000	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
At 1 January	**8,930**	–	**9,661**	9,592
Adjustments on initial application of HKFRS 9	**–**	6,333	**–**	–
At 1 January, restated	**8,930**	6,333	**9,661**	9,592
Total gains or losses recognised:				
in profit or loss	**–**	–	**896**	1,404
in other comprehensive income	**(8,210)**	2,597	**–**	–
At 30 June	**720**	8,930	**10,557**	10,996

4. FAIR VALUE MEASUREMENT *(Continued)*

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

The total gains or losses recognised in other comprehensive income are presented in investment valuation gain in the condensed consolidated statement of profit or loss and other comprehensive income.

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in other income in the condensed consolidated statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurement at 30 June 2019:

The Group's senior management is responsible for the fair value measurements of financial assets and financial liabilities required for financial reporting purposes, including level 3 fair value measurements. The senior management reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the senior management and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Key unobservable inputs used in level 3 fair value measurements are mainly:

— Net assets (derived from the unaudited financial information of the issuer of the equity securities)

— Revenue (derived from the unaudited financial information of the issuer of the equity securities)

— discount for lack of marketability

— Market price per square foot (derived from the recent comparable sales)

4. FAIR VALUE MEASUREMENT *(Continued)*

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurement at 30 June 2019: *(Continued)*

Level 3 fair value measurements					Fair value as at	
Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	30 June 2019 RMB'000	31 December 2018 RMB'000
Unlisted equity securities classified as financial assets at FVTOCI	Market approach	Net assets	37,066,000 (2018: N/A)	Increase	**720**	8,930
		Revenue	11,980,000 (2018: N/A)	Increase		
		Discount for lack of marketability	30% (2018: N/A)	Decrease		
Investment properties	Direct comparison approach	Market price per square foot	RMB14,000–RMB16,000 (2018: RMB13,000–RMB15,000)	Increase	**10,557**	9,661

5. SEGMENT INFORMATION

The Group has two operating segments as follows:

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

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

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

The accounting policies of the operating segments are the same as those described in the Group's financial statements for the year ended 31 December 2018.

5. SEGMENT INFORMATION *(Continued)*

	Car parking systems RMB'000 (unaudited)	Intellectual property services RMB'000 (unaudited)	Total RMB'000 (unaudited)
6 months ended 30 June 2019			
Turnover from external customers	–	–	–
Segment profit/(loss)	**2,642**	**(2,151)**	**490**
3 months ended 30 June 2019			
Turnover from external customers	–	–	–
Segment profit/(loss)	**2,686**	**(1,473)**	**1,213**
As at 30 June 2019			
Segment assets	**113**	**5,357**	**5,470**
Segment liabilities	**983**	**785**	**1,768**
6 months ended 30 June 2018			
Turnover from external customers	181	3,911	4,092
Segment (loss)/profit	(119)	1,173	1,054
3 months ended 30 June 2018			
Turnover from external customers	181	115	296
Segment profit/(loss)	3	(1,376)	(1,373)
As at 31 December 2018	(audited)	(audited)	(audited)
Segment assets	138	6,600	6,738
Segment liabilities	3,752	905	4,657

5. SEGMENT INFORMATION *(Continued)*

	Six months ended 30 June		Three months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)	**2019 RMB'000 (unaudited)**	2018 RMB'000 (unaudited)
Reconciliations of segment profit or loss:				
Total profit/(loss) of reportable segments	**490**	1,054	**1,213**	(1,373)
Unallocated amounts:				
Other income	**1,025**	1,404	**961**	1,404
Corporate expenses	**(7,357)**	(2,175)	**(2,220)**	(1,509)
Finance costs	**(405)**	–	**(281)**	–
Consolidated (loss)/profit for the period	**(6,247)**	283	**(327)**	(1,478)

6. REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

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

	Six months ended 30 June		Three months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)	**2019 RMB'000 (unaudited)**	2018 RMB'000 (unaudited)
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	–	181
— Sales of patents and provision of intellectual property services	–	3,911	–	115
	–	4,092	–	296

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 six months and three months ended 30 June 2019 and 2018.

7. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is arrived at after charging/(crediting) the following:

	Six months ended 30 June		Three months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)	**2019 RMB'000 (unaudited)**	2018 RMB'000 (unaudited)
Loss on disposal of property, plant and equipment	**6**	–	**6**	–
Amortisation of intangible assets	**26**	26	**9**	9
Depreciation of property, plant and equipment	**76**	249	**37**	125
Directors' remuneration	**660**	480	**240**	240
Operating lease charges	**391**	613	**72**	287
Foreign exchange loss/(gain), net	**21**	(14)	**(75)**	(1)

8. INCOME TAX EXPENSE

	Six months ended 30 June		Three months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)	**2019 RMB'000 (unaudited)**	2018 RMB'000 (unaudited)
Current tax — PRC				
Provision for the period	**–**	433	**–**	426

No provision for profits tax in the Cayman Islands, the British Virgin Islands or Hong Kong are required as the Group has no assessable profit arising in or derived from those jurisdictions for the six months and three months ended 30 June 2019 and 2018.

No provision for profits tax in the PRC are required as the Group has no assessable profit arising in or derived from PRC for the six months and three months ended 30 June 2019. The tax rate applicable to the PRC subsidiaries in the Group were 25% during for the six months and three months ended 30 June 2018.

9. DIVIDENDS

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

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

	Six months ended 30 June		Three months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)	**2019 RMB'000 (unaudited)**	2018 RMB'000 (unaudited)
(Loss)/earnings				
(Loss)/profit for the purpose of calculating the basic (loss)/earnings per share	**(6,247)**	283	**(327)**	(1,478)
Number of shares				
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**2,324,301,136**	2,324,301,136	**2,324,301,136**	2,324,301,136

(b) Diluted (loss)/earnings per share

No diluted (loss)/earnings per share are presented as the effects of all potential ordinary shares would be anti-dilutive for the six and three months ended 30 June 2019 and 2018, respectively.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019 and 2018, the Group did not acquire any property, plant and equipment.

12. TRADE AND OTHER RECEIVABLES

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Trade receivables	**4,914**	5,511
Other receivables	**4,128**	5,063
	9,042	10,574
Analysed as		
— Current	**8,388**	9,953
— Non-current	**654**	621
	9,042	10,574

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

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Within 6 months	**3,000**	3,000
Within 6 to 12 months	**–**	630
Over 1 year	**7,726**	7,063
	10,726	10,693
Allowance for impairment losses	**(5,812)**	(5,182)
	4,914	5,511

13. TRADE AND OTHER PAYABLES

	Note	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Trade payables	*(a)*	–	841
Other payables	*(b)*	**5,814**	7,596
		5,814	8,437
Analysed as			
— Current		**5,231**	8,259
— Non-current		**583**	178
		5,814	8,437

(a) Trade payables

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

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Over 1 year	–	841

(b) Other payables

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Accrued interest	**583**	178
Other tax payable	**737**	738
Provision for staff and workers' bonus and welfare fund	**291**	298
Accruals for operating expenses	**2,420**	2,578
Salary and welfare payables	**1,246**	1,797
Others	**537**	2,007
	5,814	7,596

14. BORROWINGS

The borrowings of RMB13,081,000 (equivalent to HK$15,000,000) (2018: RMB8,816,000 (equivalent to HK$10,000,000)) are unsecured and arranged at a fixed interest rate of 9%. The borrowings are due for repayment in the year ending 30 June 2021. Accordingly, the borrowings are classified as non-current liabilities as at 30 June 2019 and 31 December 2018.

15. SHARE CAPITAL

	30 June 2019		31 December 2018	
	HK$'000 (unaudited)	**RMB'000 (unaudited)**	HK$'000 (audited)	RMB'000 (audited)
Authorised:				
30,000,000,000 ordinary shares of HK$0.05 each	**1,500,000**	**1,264,706**	1,500,000	1,264,706
Issued and fully paid:				
Ordinary shares of HK$0.05 each	**116,215**	**103,880**	116,215	103,880

16. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2019 (At 31 December 2018: Nil).

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 14 August 2019.

Review of Financial Performance and Operation

During the period under review, the Group did not record any revenue (2018: RMB4,092,000). The loss for the period attributable to owners of the Company amounted to approximately RMB6,247,000 (2018: Profit of RMB283,000). This is due to the Company has ceased all its business activities and concentrated on the preparation of a resumption proposal (the "Resumption Proposal") for trading in the shares of the Company on the Stock Exchange of Hong Kong (the "Exchange").

Review of Operation

On 14 May 2018, from the Review Committee of the 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 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.

On 1 March 2019, the 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 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.

On 29 May 2019, the new listing application in connection with the Resumption Proposal and the Circular were submitted to the Exchange for their review and comment. On the same day, the Circular was also submitted to the Executive for their review and comment.

The Company expects that the Circular will be despatched on or before 31 October 2019. Further announcements and monthly updates will be made by the Company in compliance with the GEM Listing Rules and the Takeovers Code.

With respect to the business operations of the Group, the Group is currently focusing its resources on the resumption of trading of its Shares. 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.

Liquidity and Financial Resources

As at 30 June 2019, the Group had total assets of approximately RMB21,467,000 and net current assets of approximately RMB2,755,000. The Group's current ratio, being a ratio of current assets to current liabilities, was 141%.

The Group generally finances its operations with internally generated cash flows. As at 30 June 2019, the Group had cash and bank balances of approximately RMB1,045,000. Cost control measures have already been in place to monitor the day-to-day operational and administrative expenses. The management will continue to closely review the Group's financial resources in a cautious manner and explore opportunities in potential financial institutions financing and equity funding. Taking into consideration the Group's current financial resources, the Directors believe that the Group shall have adequate fund for its continual operation and development.

Charge on Group's Assets

The Group did not have any charge on its assets as at 30 June 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 period, the Group was not exposed to material foreign exchange rate risk.

Income Tax

Details of the treatment of the Group's income tax expense for the period ended 30 June 2019 are set out in note 8 to the condensed consolidated financial statements.

Human Resources

As at 30 June 2019, the Group had approximately 16 employees (2018: 20 employees) in the PRC and Hong Kong. The Group continues to remunerate its employees with reference to their performance, experience and the prevailing industry practice. The Group also provides provident fund benefits for its employees in Hong Kong and statutory retirement scheme for its employees in the PRC. The Group recognizes the importance of staff training and thus regularly provides internal and external training for its staff to enhance their skills and knowledge. The management will continue to monitor the human resources requirements of the Group.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2019.

Significant Investments

The Group had no significant investment for the period ended 30 June 2019.

Share Options

On 13 March 2008, the share option scheme adopted by the Company on 19 November 2001 (the "Old Scheme") was terminated and a new share option scheme (the "New Scheme") was adopted by the shareholders of the Company. As a result, the Company can no longer grant any further options under the Old Scheme. On 30 May 2007 and 15 August 2007, all the outstanding options granted under the Old Scheme were lapsed and cancelled automatically according to the Old Scheme.

Pursuant to the New Scheme, the Company may grant options to the participants of the New Scheme to subscribe for shares of the Company. The participants include any employees (whether full-time or part-time and including directors) and certain consultants, suppliers or customers of the Group who, in the sole discretion of the Board or a duly authorised committee thereof, have contributed to the Group. The New Scheme remained valid and effective for a period of 10 years commencing on 13 March 2008. After 12 March 2018, the Company can no longer grant any further options under the New Scheme.

The overall limit on the number of shares which may be issued upon exercise of all options to be granted and yet to be exercised under the New Scheme and other share option schemes must not, in aggregate, exceed 30% of the shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of all options granted to each participant or grantee (as the case may be) including both exercised and outstanding options in any 12-month period up to the date of grant must not exceed 1% of the shares in issue at the date of grant.

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

Any option granted under the New Scheme may be exercised at any time during a period which shall not be more than ten years after the date on which the option is granted, but the board of directors of the Company may impose restrictions on the exercise of options including a minimum period for which all or part of an option may be exercised and/or a minimum period of which all or part of an option shall be held before it can be exercised.

The subscription price will be determined by the Board and will not be less than the highest of the closing price of the shares quoted on the GEM on the date on which the option is granted, the average closing price of the shares quoted on the GEM for the five business days immediately preceding the date on which the option is granted, and the nominal value of the shares on grant date.

Details of specific categories of Share Options are as follows:

Grantee	Date of grant	Vesting period	Exercise period	Adjusted Exercise price HK$	No. of Share Options outstanding
Directors, employees and others	18 May 2009	N/A	18 May 2009 to 17 May 2019	0.134	– (Note)
Directors, employees and others	1 June 2010 (A)	N/A	1 June 2010 to 31 May 2020	0.127	22,454,094
Directors, employees and others	1 June 2010 (B)	1 June 2010 to 31 May 2011	1 June 2011 to 31 May 2020	0.127	22,454,094
Directors, employees and others	10 May 2016	N/A	16 May 2016 to 14 May 2026	0.148	111,738,149

Note: All the 78,705,070 options were lapsed on 18 May 2019

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

	2019		2018	
	Number of Share Options	**Weighted average exercise price HK$**	Number of Share Options	Weighted average exercise price HK$
Outstanding at 1 January	**235,351,407**	**0.139**	235,351,407	0.139
Lapsed during the period	**(78,705,070)**	**0.134**	–	N/A
Outstanding at 30 June	**156,646,337**	**0.142**	235,351,407	0.139
Exercisable at 30 June	**156,646,337**	**0.142**	235,351,407	0.139

Name or category of participant	At 1 January 2019 '000	Granted during the period '000	Exercised during the period '000	Lapsed during the period '000	Reclassified during the period '000	At 30 June 2019 '000
	Number of Share Options					
Directors						
Hu Hai Yuan	11,291	–	–	(3,472)	–	7,819
Wang Jiang Wei	20,316	–	–	–	–	20,316
Huang Zhang Hui	20,316	–	–	–	–	20,316
Guo Shi Zhan (Note)	20,316	–	–	–	(20,316)	–
Employees other than directors						
In aggregate	35,131	–	–	(4,630)	–	30,501
Other participants						
In aggregate	127,981	–	–	(70,603)	20,316	77,694
	235,351	–	–	(78,705)	–	156,646

Note: Retired on 17 May 2019

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2019.

Directors' and Chief Executive's Interests or Short Positions in the Shares, Underlying Shares or Debentures of the Company or Any Associated Corporations

As at 30 June 2019, the interest of the Directors and the Chief Executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

Interests and short positions of the Directors or the chief executive in the shares, underlying shares and debentures of the Company and its associated corporations

(a) Interests in shares

Name	Capacity	Personal Interests	Family Interests	Corporate Interests	Total	Approximate percentage to the issued share capital of the Company as at 30 June 2019
Wang Tie Jian	Beneficiary owner	111,116,250	–	–	111,116,250	4.78%

(b) Interests in share options

Name	Type of interests	Outstanding Shares Option as at 30 June 2019	Approximate percentage of the underlying shares to the share capital of the Company as at 30 June 2019
Hu Hai Yuan	Personal	7,818,741	0.34%
Wang Jiang Wei	Personal	20,316,027	0.87%
Huang Zhang Hui	Personal	20,316,027	0.87%
Guo Shi Zhan (Note)	Personal	20,316,027	0.87%
Li Sui Yang	Personal	14,815,072	0.64%

Note: Retired on 17 May 2019

Save as disclosed above, as at 30 June 2019, none of the Directors or the Chief Executive of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Directors' Rights to Acquire Shares

Save as disclosed herein, at no time during the period was the Company, its subsidiaries or any person a party to any arrangements to enable any of the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2019, the following persons, other than the Directors or the Chief Executive of the Company, had interests and short positions in the shares and underlying shares of the Company as recorded in the register which was required to be kept by the Company under Section 336 of the SFO:

Interests in shares and underlying shares

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

Name	Number of Shares (see *notes above)	Nature of Interest	Number of Share Options	Percentage of holding (see *notes above)
Oriental Patron Financial Group Limited (Note 1)	364,218,750 (L) 286,800,000 (S)	Interest of controlled corporation		15.67% 12.34%
Oriental Patron Financial Services Group Limited (Note 1)	364,218,750 (L) 286,800,000 (S)	Interest of controlled corporation		15.67% 12.34%
Pacific Top Holding Limited (Note 1)	41,568,750 (L)	Beneficial owner		1.79%
Oriental Patron Derivatives Limited (Note 1)	322,650,000 (L) 286,800,000 (S)	Beneficial owner		13.88% 12.34%
Zhang Zhi Ping (Note 1)	364,218,750 (L) 286,800,000 (S)	Interest of controlled corporation		15.67% 12.34%
Zhang Gaobo (Note 1)	364,218,750 (L) 286,800,000 (S)	Interest of controlled corporation		15.67% 12.34%
World Radiance Limited (Note 2)	294,900,000 (L)	Beneficial owner		12.69%
Mr. Chin Ying Hoi (Notes 2 & 3)	294,900,000 (L)	Interest of controlled corporation	10,185,362	12.69%
Chow Lau Sin	128,470,000 (L)	Beneficial owner		5.53%

Notes:

1. Oriental Patron Derivatives Limited and Pacific Top Holding Limited are wholly owned by Oriental Patron Financial Services Group Limited, which is in turn 95% beneficially owned by Oriental Patron Financial Group Limited. Oriental Patron Financial Group Limited is 51% and 49% beneficially owned by Mr. Zhang Zhi Ping and Mr. Zhang Gaobo respectively.

2. World Radiance Limited is wholly owned by Chang Yao Investments Limited, which is in turn 100% beneficially owned by Mr. Chin Ying Hoi. Mr. Wang Jiang Wei, the executive director of the Company, is the sole director of Chang Yao Investments Limited and World Radiance Limited.

3. Mr. Chin Ying Hoi had 10,185,362 Share Options for subscription of the Shares.

Save as disclosed above, as at 30 June 2019, the Directors were not aware of any other person who had interests or short positions in the shares or underlying shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the six months ended 30 June 2019.

Competing Interests

None of the Directors or management shareholders (as defined in the GEM Listing Rules) of the Company has any interest in a business, which competes or may compete with the business of the Group, or has any other conflicts of interests with the Group during the six months ended 30 June 2019.

Non-compliance with GEM Listing Rule 5.05(1)

Following the retirement of Mr. Guo Shi Zhan as an independent non-executive Director in the annual general meeting of the Company held on 17 May 2019, the Company has only two independent non-executive Directors since 17 May 2019. Thus, it is below the minimum number required under Rule 5.05(1) of the GEM Listing Rules while such requirement is expected to be re-complied with upon completion of acquisition of the Target Group.

The Code of Corporate Governance Practices

The Company had complied, throughout the six months ended 30 June 2019, with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 to the GEM Listing Rules.

(1) Board Composition and Board Practices

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders value. As at the date of publishing the Company's Interim report, the Board consists of a total of six Directors, comprising two executive Directors, two non-executive Directors and two independent non-executive Directors.

(2) Audit Committee

An audit committee (the "Audit Committee") was established with written terms of reference in compliance with the requirements of the GEM Listing Rules. The primary duties of the Audit Committee are to review and provide supervision over the financial reporting process and internal control system of the Group. The Audit Committee currently comprises two independent non-executive Directors, namely Mr. Luo Ze Min, Dr. Xia Ting Kang and one non-executive Director Mr. Huang Zhang Hui. The Group's unaudited consolidated results for the six months ended 30 June 2019 have been reviewed by the Audit Committee.

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2019 have also been reviewed by the Company's auditor, RSM Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The auditor's independent review report will be included in the Company's interim report for the six months ended 30 June 2019 to the shareholders of the Company.

Directors' Securities Transaction

The Company has adopted a code of conduct regarding securities transaction by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.68 of the GEM Listing Rules. The Company had also made specific enquiry to all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the period under review. Specific employees who are likely to have possession of unpublished price-sensitive information of the Group are also subject to compliance with the same code of conduct. No incident of non-compliance was noted by the Company for the six months ended 30 June 2019.

Directors and Senior Management Profiles

Non-executive Directors

Mr. Huang Zhang Hui, aged 49, has been appointed as a non-executive Director since 1 June 2016 and elected as the Chairman of the board on 25 May 2017. Mr. Huang is currently the general manager and executive partner of 深圳眾鼎專利商標代理事務所. Mr. Huang has over 20 years of experience in the field of intellectual property and management of legal affair of enterprises. In the past, Mr. Huang has served as the general manager and founder of the intellectual property and legal office (知識產權及法務處) of BYD Company Limited. Mr. Huang holds a bachelor degree in chemistry from Nankai University and a master degree in law from Peking University. Apart from performing his duties as a director of the Group, Mr. Huang has devoted time and efforts to the development of Shenzhen Zhitong Tianxia and contributed to the expansion of customer base and increase in profitability.

Mr. Hu Hai Yuan, aged 48, is a non-executive Director of the Group. Mr. Hu holds a master degree in business administration from Renmin University of China and a bachelor degree in mechanic engineering from Dalian University of Technology. Mr. Hu previously served as an engineer of Anshan Steel Group Limited in China and has over 11 years of experience in the field of corporate finance. Mr. Hu has been a Director of the Group for years, and has contributed to the strategic planning and business expansion of the Group.

Executive Directors

Mr. Wang Jiang Wei, aged 41, had been a non-executive Director since 19 November 2014 and redesignated as an executive Director on 25 May 2017 of the Group. Mr. Wang holds a bachelor's degree in economics from Tsinghua University and holds an executive master's degree in business administration from Peking University HSBC Business School. He is a member of the Certified General Accountants Association of Canada (CGA-Canada). Mr. Wang has over ten years of extensive experience in capital investment and enterprise management and currently serves as a director of Xinjiang Co-Power Venture Capital Company Limited (新疆同威創業投資有限公司). Mr. Wang is the sole director of Chang Yao Investments Limited (昌耀投資有限公司) and World Radiance Limited (世輝有限公司). Furthermore, Mr. Wang is the lecturer of IP strategic and corporate capital operation management seminar of Guangdong IP Protection Association (廣東知識產權保護協會). Mr. Wang is also a strategic consultant to Shenzhen Zhitong Tianxia, a subsidiary of the Group. He is responsible for the business planning of Shenzhen Zhitong Tianxia and engages directly in negotiation and enters into contracts for its business development.

Mr. Wang Tie Jian, age 62, has been appointed as an executive Director since 20 August 2018. He is a certified senior engineer in China. He graduated from the Radio Engineering Department of Nanjing Institute of Technology (now known as "Southeast University") in 1982. After graduation, he engaged in scientific research on high-speed information systems at the Institute of Computing in Chinese Academy of Sciences, and the Department of Computer in University of Groningen in the Netherlands. Later, he was appointed as Vice General Manager of China Jinchen Safety Technology Industry Co., Ltd. (中國金辰安全技術實業公司) and General Manager of Beijing New Gate Moore Asset Management Co., Ltd. (北京新中關摩爾資產管理有限公司). He has more than 20 years of industrial management experience in research and development, production, marketing, finance and other aspects.

Independent Non-executive Directors

Mr. Guo Shi Zhan, aged 45, served as an independent non-executive Director of the Group from 1 June 2016 to his retirement from the Company on 17 May 2019. Mr. Guo is currently the Chairman and General Manager of 深圳市牛法信息科技有限公司. Prior to this, Mr. Guo worked for Huawei Technologies Co. Ltd., holding the positions of patent engineer, deputy director of the intellectual property office (知識產權副處長), director of the legal affairs office (法律事務處) under the international marketing division (國際營銷部), head of the intellectual property department (知識產權部), information security department (信息安全部), legal department (法律部) and terminal business legal department (終端商務法務部). Mr. Guo has more than 20 years of experience in managing multinational companies and dealing with intellectual property arrangement, litigations and transactions as well as investment and financing activities. Mr. Guo holds bachelor degrees in mathematics and intellectual property from Peking University. Mr. Guo has fully supported the development of the Group's intellectual property business and provided advices and recommendations to the business of Shenzhen Zhitong Tianxia.

Mr. Luo Ze Min, aged 53, is an independent non-executive Director of the Group and chairman of the Audit Committee, Nomination Committee and Remuneration Committee. Mr. Luo is a Certified Public Accountant in China and is currently a Partner and Head of Shenzhen Xing Yue partnership accounting firm (深圳市興粵合夥會計師事務所). He is also the Vice Chairman of the board of Directors of Shenzhen Guang Heng Real Estate and Land Valuation Company Limited (深圳市廣衡地產和土地估價有限公司) and Shenzhen Guang Heng Xing Yue Property Valuation Company Limited (深圳市廣衡興粵資產評估有限公司). Prior to this, Mr. Luo has served as a Project Manager and Department Head of Shenzhen Zhonghua Accounting Firm (深圳中華會計師事務所). Mr. Luo has over 29 years of experience in accounting and auditing, providing professional services to various corporations including listed companies and state-owned enterprises in the PRC. Mr. Luo holds a bachelor degree in financial accounting from Hangzhou Dianzi University (杭州電子科技大學). Mr. Luo is committed to the financial supervision and review of the business development of the Group and has provided recommendations to the Group's financial cost control and business cost savings.

Dr. Xia Ting Kang, aged 63, is an independent non-executive Director of the Group. Dr. Xia holds a bachelor of science degree in physics from Peking University, a doctor of philosophy degree in physics from Ohio State University and a Juris Doctor degree from Columbia University School of Law. Dr. Xia is currently a Senior Partner in the Atlanta office of an international law firm, Locke Lord LLP and a Registered U.S. Patent Attorney, specializing in international practice and intellectual property practice. Dr. Xia advises clients in all phases of intellectual property law, including the US. and foreign patent, trademark and copyright prosecution, clearance, infringements, validity opinions, and licensing. Prior to his legal career, he was a physicist and had made outstanding achievements in various domains in physics. Dr. Xia also advises clients of international corporate law. Dr. Xia is currently a non-executive Director of Hybrid Kinetic Group Limited, a limited company incorporated in Bermuda with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1188). Dr. Xia highly values the development of intellectual property business of the Group and is optimistic about the future development of the Group.

Chief Executive Officer

Mr. Li Sui Yang, aged 62, the Chief Executive Officer of the Group. Mr. Li is also the General Manager of Zhengzhou Jian-O' Yuan. Mr. Li joined the Group in October 1996 and is responsible for the Group's strategic planning and development. Mr. Li holds a master's degree of economic administration from North-west China University, he had vast experience in retail, real estate and electronics industry in China.

Company Secretary, Authorised Representative and Chief Financial Officer

Mr. Liang Tien Tzu, aged 62, is the Company Secretary and Chief Financial Officer of the Group and Authorized Representative of the Company. Mr. Liang holds a bachelor of commerce degree from the Concordia University of Montreal, Canada and a master of professional Accounting degree from the Hong Kong Polytechnic University. Mr. Liang is an associate of the Hong Kong Institute of Directors, a Fellow of the Hong Kong Institute of Certified Public Accountants and a member of the Canadian Institute of Chartered Accountants. Mr. Liang has over 38 years' experience in accounting and financial management. During his career, he served as a professional staff with major international accounting firms in Canada and had previously been the Chief Financial officer and/or company secretary of several listed companies in Hong Kong or China. With his extensive experience, Mr. Liang plays an important role in the communication and coordination between the Group and intermediaries, regulatory authority and public relations.

Senior Management

Ms. Cai Xin, Vice President of the Group

Ms. Cai Xin, aged 48, holds a master's degree in business administration from the City University of Hong Kong. She worked for Guangdong Daya Bay Nuclear Power Station, Keith Statham Associates Limited and Shenzhen Zhiyouying Investment Consulting Company Limited (深圳智又盈投資顧問有限公司). In 2006, she founded Shenzhen Dingcheng Oriental Investment Consulting Company Limited (深圳市鼎誠東方投資顧問有限公司) and acted as chairman and president, and provided professional investor relations services for a number of listed companies. She has over 22 years of working experience in the field of financial public relations and investor relations.

Appreciation

On behalf of the Board, I would like to take this opportunity to thank the management and staff for their diligence, dedication and commitment throughout the period. Furthermore, I would also like to thank all shareholders, business partners, customers and vendors for their support and encouragement given to the Group during the period. My gratitude is also extended to the lawyers, auditors, consultants and relevant enterprises who have always offered us their expertise so brilliantly.

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

Hong Kong
14 August 2019

As at the date of this report, the executive directors of the Group are Mr. Wang Jiang Wei and Mr. Wang Tie Jian; the non-executive directors of the Group are Mr. Hu Hai Yuan and Mr. Huang Zhang Hui; and the independent non-executive directors of the Group are Mr. Luo Ze Min and Dr. Xia Ting Kang.

Jian ePayment Systems Limited
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