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)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

* *For identification purpose only*

FINANCIAL HIGHLIGHTS

— Revenue for the year ended 31 December 2019 amounted to RMB91,000 (2018: RMB4,092,000), representing a decrease of 98%.

— Loss and total comprehensive income attributable to owners of the Group for the year ended 31 December 2019 amounted to RMB24,275,000 (2018: RMB5,330,000), representing an increase of 355%.

— Basic loss per share of amounted to approximately RMB0.71 cents for the year ended 31 December 2019 (2018: RMB0.34 cents), representing an increase of 109%.

UNAUDITED CONSOLIDATED ANNUAL RESULTS

For the reasons explained below under "Review of Unaudited Annual Results", the auditing process for the annual results has not been completed. In the meantime, the board of directors (the "Board") of Jian ePayment Systems Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2019

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Century Yard, Cricket Square, Hutchins Drive, P. O. Box 2681 GT, George Town, Grand Cayman, British West Indies. The address of its principal place of business is Suite 1104, Hantang Plaza, Overseas Chinese Town Nanshan District, Shenzhen, the People's Republic of China (the "PRC"). The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

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

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

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

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

The Company is an investment holding company. The principal activities of its subsidiaries are (i) development and operation of integrated circuit and smart cards, back end electronic receipt/payment and data recording and processing software system; manufacturing and distribution of the associated commercial application; and trading of electric vehicle charging facilities; and (ii) licensing and trading of patents and provision of consultancy services on intellectual property management.

2. GOING CONCERN BASIS

The Group reported a loss attributable to the owners of the Company of approximately RMB16,445,000 during the year and had net current liabilities and net liabilities of approximately RMB8,944,000 and RMB8,693,000 respectively as at 31 December 2019. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the existing financing facilities of approximately RMB44,742,000 (equivalent to HK$50,000,000) of which RMB19,240,000 (equivalent to HK$21,500,000) was drawn as at 31 December 2019, 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 of approximately RMB25,503,000 (equivalent to HK$28,500,000) and the impact of the trading resumption proposal and new listing applications as detailed in notes 1 and 13(a) to the consolidated financial statements, 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 consolidated 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 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. 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 new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 Leases

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

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

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

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

(a) New definition of a lease

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

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

(b) Lessee accounting and transitional impact

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

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

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

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

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

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

The following table reconciles the operating lease commitments as disclosed in note 33 to the consolidated financial statements as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

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

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

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

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

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

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

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

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

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

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

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform	1 January 2020

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

5. REVENUE AND OTHER INCOME

(a) Revenue

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

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

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

(b) Other income

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Imputed interest income on trade receivables	**74**	67
Interest income	**5**	9
Fair value gains on investment properties	**615**	69
Rental income	**265**	87
Written back of trade and other payables	**2,740**	–
	3,699	232

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.

The accounting policies of the operating segments are the same as those described in the Group's consolidated financial statements for the year ended 31 December 2018 except for HKFRS 16 as disclosed in note 4(a) in this announcement.

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* (Unaudited)	Intellectual property services *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Year ended 31 December 2019			
Revenue from external customers	**91**	**–**	**91**
Segment profit/(loss)	**2,709**	**(6,275)**	**(3,566)**
Interest revenue	**–**	**5**	**5**
Depreciation and amortisation	**9**	**40**	**49**
Income tax credit	**–**	**1,437**	**1,437**
Other material non-cash item:			
Allowance for trade and other receivables	**–**	**5,585**	**5,585**
Impairment loss on intangible assets	**–**	**446**	**446**
Impairment loss on property, plant and equipment	**–**	**24**	**24**
Written back of trade and other payables	**2,740**	**–**	**2,740**
As at 31 December 2019			
Segment assets	**90**	**397**	**487**
Segment liabilities	**983**	**791**	**1,774**

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

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

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

Geographical information

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

	Revenue		**Non-current assets**	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Hong Kong	**–**	–	**10,276**	9,761
PRC except Hong Kong	**91**	4,092	**–**	557
Consolidated total	**91**	4,092	**10,276**	10,318

Revenue from major customers

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Car parking systems segment:		
Customer A	**91**	181
Intellectual property services segment:		
Customer B	**–**	2,830

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

7. INCOME TAX (CREDIT)/EXPENSE

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current tax — PRC Enterprise Income Tax		
Provision for the year	**–**	192
Over-provision in prior years	**(1,437)**	–
	(1,437)	192

No provision for profits tax in the Cayman Islands, the British Virgin Islands or Hong Kong are required as the Group has no assessable profit arising in or derived from those jurisdictions for the years ended 31 December 2019 and 2018.

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

8. LOSS FOR THE YEAR

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

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

9. DIVIDEND

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

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately RMB16,445,000 (2018: RMB7,927,000) and the weighted average number of ordinary shares of approximately 2,324,301,136 (2018: 2,324,301,136) in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2019 and 2018.

11. TRADE AND OTHER RECEIVABLES

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

(a) Trade receivables

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days, except for customers of licensing income, which range from 1 to 4 years. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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

	2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Audited)
Within 6 months	**–**	3,000
Within 6 to 12 months	**–**	630
Over 1 year	**10,767**	7,063
	10,767	10,693
Allowance for trade receivables	**(10,767)**	(5,182)
	–	5,511

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

(b) Other receivables

	2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Audited)
Prepaid expenses	**7,239**	4,554
Rental and utility deposits	**99**	269
Others	**234**	240
	7,572	5,063

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

12. TRADE AND OTHER PAYABLES

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

(a) Trade payables

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

	2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Audited)
Over 1 year	**–**	841

(b) Other payables

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

13. EVENTS AFTER THE REPORTING PERIOD

(a) On 28 February 2020, the Company has re-submitted the Second New Listing Application to the Stock Exchange for seeking its approval for the resumption of trading in the shares of the Company. In support of the Second New Listing Application, the Company has proposed following new arrangements:

(i) The Company has proposed to implement a capital reorganisation as follows:

(A) the credit amount of the share premium account of the Company will be cancelled to set off against part of accumulated losses;

(B) every ten issued shares of HK$0.05 each will be consolidated into one issued consolidated share of the Company of HK$0.50 each (the "Consolidated Share(s)"); as a result, there will be a total of 232,430,113 Consolidated Shares in issue upon the completion of the share consolidation; and the nominal value of the issued Consolidated Shares will be reduced from HK$0.50 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.49 each.

(ii) Both two conditional share purchase agreements with two collective independent third parties dated 26 October 2018 as disclosed in note 1 to the consolidated financial statements would be revised, pursuant to which the Company will acquire, at an aggregate consideration of HK$279,845,857, the entire issued share capital of two companies incorporated in the British Virgin Islands from the two independent third parties respectively after the group reorganisation and the aggregate consideration will be satisfied by the Company's issue of 1,301,608,637 Consolidated Shares at the issue price of HK$0.215 per Consolidated Share.

(iii) Upon completion of the Acquisitions and pursuant to the new arrangement proposal of the Second New Listing Application, the Company proposes to offer a total 306,925,568 Consolidated Shares (the "Offer Shares") for subscription at the offer price of HK$0.215 per Offer Share. 153,462,784 Offer Shares are available for subscription by the public and 153,462,784 Offer Shares are available for subscription by the qualifying shareholders of the Company to be determined.

(b) After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impact on the Group's financial position, cash flows and operating results at the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

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

Liquidity and Financial Resources

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

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

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

Charge on Group's Assets

The Group did not have any charge on its assets as at 31 December 2019.

Exchange Rate Exposure

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

Income Tax

Details of the Group's income tax expense for the year ended 31 December 2019 are set out in note 7 to this announcement.

Contingent Liabilities

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

Business Review and Outlook

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

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

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

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

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

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

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

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

Employment, Training and Development

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

CORPORATE GOVERNANCE

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

During the year ended 31 December 2019, save for the deviations specified below, the Company had applied the principles and complied with the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules.

Details of the Company's deviations from the CG Code during the year ended 31 December 2019 are as follows.

Re-election and appointment of Directors

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

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

Attendance of Directors at general meeting held in 2019

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

CG Code A.6.7 stipulates that independent non-executive Directors and non-executive Directors should attend general meetings of the Company. Owing to other engagements, three independent non-executive Directors (namely Mr. Guo Shi Zhan, Mr. Luo Ze Min and Dr. Xia Ting Kang) and two non-executive Directors (namely Mr. Hu Hai Yuan and Mr. Huang Zhang Hui) were unable to attend the general meetings of the Company held on 17 May 2019. All independent non-executive Directors and non-executive Directors of the Company have been reminded of their obligation to attend the Company's general meetings for complying with CG Code A.6.7.

COMPETING INTERESTS

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

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

The Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell such securities during the year ended 31 December 2019.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

EVENTS OCCURRED AFTER THE REPORTING PERIOD

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

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing progress for the annual results for the year ended 31 December 2019 has not been completed due to restriction in force in parts of China to combat the COVID-19 coronavirus outbreak. The unaudited annual results contained herein have not been agreed with the Company's auditors. As mentioned in note 2 in the unaudited annual result announcement, the Group incurred a net loss of approximately RMB16,445,000 during the year ended 31 December 2019 and had net current liabilities and net liabilities of approximately RMB8,944,000 and RMB8,693,000 respectively as at 31 December 2019. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Since the audit of the Group's consolidated financial statements has not been completed, it is uncertain, as at the date of this announcement, whether our auditors would issue a modified opinion to the consolidated financial statements in this regard. An announcement in relation to the audited results will be made when the auditing process has been completed and by no later than 22 May 2020, in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

REVIEW OF RESULTS BY AUDIT COMMITTEE

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

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

Hong Kong, 26 March 2020

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

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