深 圳 市 明 華 澳 漢 科 技 股 份 有 限 公 司

Shenzhen Mingwah Aohan High Technology Corporation Limited*

(a join stock limited company incorporate in the People's Republic of China)

(Stock code: 8301)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

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This announcement, for which the directors (the "Directors") of Shenzhen Mingwah Aohan High Technology Corporation Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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*

ANNUAL RESULTS

The board of directors (the "Board" or "Directors") of Shenzhen Mingwah Aohan High Technology Corporation Limited* (the "Company") announce the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2009 together with last year's comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

(Expressed in Renminbi Yuan thousands except otherwise stated)

	Note	**2009** **RMB'000**	2008 RMB'000
Turnover	3	**62,666**	75,271
Cost of sales		**(49,452)**	(52,362)
Gross profit		**13,214**	22,909
Other income		**1,209**	1,372
Other gains and losses		**214**	(7,731)
Distribution and selling expenses		**(2,995)**	(4,297)
General and administrative expenses		**(8,976)**	(13,216)
Other operating expenses		**—**	(183)
Finance costs	5	**(2,260)**	(4,427)
Profit/(Loss) before tax		**406**	(5,573)
Income tax credit/(expense)	6	**37**	(265)
Profit/(Loss) for the year		**443**	(5,838)
Other comprehensive income for the year		**—**	—
Total comprehensive income/(loss) for the year		**443**	(5,838)
Profit/(Loss) attributable to:			
Owners of the Company		**375**	(5,296)
Non-controlling interests		**68**	(542)
		443	(5,838)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**375**	(5,296)
Non-controlling interests		**68**	(542)
		443	(5,838)
Profit/(Loss) per share			
Basic	7	**0.07 cents**	(1.02) cents
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 December 2009

(Expressed in Renminbi Yuan thousands except otherwise stated)

	Note	2009 RMB'000	2008 RMB'000
Non-current Assets			
Property, plant and equipment	9	**15,959**	18,162
Prepaid lease payments		**2,308**	2,389
Interest in a jointly controlled entity		**—**	—
Long-term receivables		**—**	943
		18,267	21,494
Current Assets			
Inventories		**9,476**	9,955
Trade receivables	10	**40,060**	42,932
Other receivables	11	**8,013**	19,956
Prepaid lease payments		**82**	82
Amount due from a shareholder		**500**	500
Amount due from directors		**221**	467
Pledged bank deposits		**—**	3,429
Bank balances and cash		**3,622**	8,734
		61,974	86,055
Current Liabilities			
Trade and other payables	12	**54,312**	55,324
Amount due to a director		**3**	—
Tax liabilities		**7,035**	7,348
Bank borrowings	13	**15,535**	41,964
		76,885	104,636
Net Current liabilities		**(14,911)**	(18,581)
Total Assets less Current Liabilities		**3,356**	2,913
Net Assets		**3,356**	2,913
Capital and Reserves			
Share capital		**52,000**	52,000
Reserves		**(48,931)**	(49,306)
Equity attributable to owners of the Company		**3,069**	2,694
Non-controlling interests		**287**	219
Total Equity		**3,356**	2,913

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to owners of the Company							
	Share capital	Share premium	Statutory surplus reserve	Statutory public welfare fund	Accumulated losses	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008	52,000	17,574	5,908	2,955	(70,447)	7,990	761	8,751
Loss for the year	—	—	—	—	(5,296)	(5,296)	(542)	(5,838)
Other comprehensive income for the year	—	—	—	—	—	—	—	—
Total comprehensive loss for the year	—	—	—	—	(5,296)	(5,296)	(542)	(5,838)
Appropriated from the accumlated losses	—	—	46	23	(69)	—	—	—
At 31 December 2008	52,000	17,574	5,954	2,978	(75,812)	2,694	219	2,913
Profit for the year	—	—	—	—	375	375	68	443
Other comprehensive income for the year	—	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	375	375	68	443
At 31 December 2009	**52,000**	**17,574**	**5,954**	**2,978**	**(75,437)**	**3,069**	**287**	**3,356**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

1 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS's")

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary , Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) - Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) - Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only
HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments.

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not presented comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for the first-time adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets)[7]
HK (IFRIC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK (IFRIC) - Int 17	Distributions of Non-cash Assets to Owners[1]
HK (IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

[1] Effective for annual periods beginning on or after 1 July 2009.
[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 January 2010.
[4] Effective for annual periods beginning on or after 1 February 2010.
[5] Effective for annual periods beginning on or after 1 January 2011.
[6] Effective for annual periods beginning on or after 1 July 2010.
[7] Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs (2009), HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The Directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the financial performance and the financial position of the Group.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2009, the Group had significant accumulated losses of approximately RMB75,437,000 and its current liabilities exceeded its current assets by RMB14,911,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial supports from the substantial shareholders to cover the Group's operating costs and to meet is financing commitments. The substantial shareholders have confirmed their intention and ability to provide continuing financial support to the Group so as to enable it to meet its liabilities as and when they fall due and to carry on its business for the foreseeable future.

In light of the measures described above, the directors are confident that the Group will have sufficient working capital to meet its financial obligation as and when they fall due. Accordingly, the directors are of the opinion that it is appropriate to prepare these consolidated financial statements on a going concern basis. These consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

3 TURNOVER

Turnover represents the amounts received and receivable for goods sold to outside customers, and are summarised as follows:

	2009	2008
	RMB'000	RMB'000
Sales of cards	**58,864**	59,644
Sales of non-card products	**3,802**	15,627
	62,666	75,271

4 SEGMENT INFORMATION

Segment revenues and result

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure Standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach. In the past, the Group's primary reporting segment was business segments. The directors consider that the adoption of HKFRS 8 has not resulted in significant change in the presentation of the Group's reportable segment information as segment information has been previously presented on a basis consistent with the internal information reported to the Group's chief operating decision maker.

For management purpose, the Group's products are divided into two kinds, namely card and non-card products. Card includes IC cards, non-IC cards, IC chips and others. Non-card products include card peripheral equipment. These products are the basis on which the Group reports its business segment information.

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31 December 2009

	Cards RMB'000	Non-card products RMB'000	Total RMB'000
Revenue			
Sales to external customers	**58,864**	**3,802**	**62,666**
Inter-segment sales	**16,356**	**250**	**16,606**
Sub-total	**75,220**	**4,052**	**79,272**
Elimination of inter-segment sales			**(16,606)**
Total operating revenue			**62,666**
Result			
Segment profit/(loss)	**1,690**	**(138)**	**1,552**
Bank interest income			**107**
Other operating income			**1,007**
			2,666
Finance costs			**(2,260)**
Profit before taxation			**406**

Inter-segment sales are charged by reference to market prices.

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31 December 2008

	Cards RMB'000	Non-card products RMB'000	Total RMB'000
Revenue			
Sales to external customers	59,644	15,627	75,271
Inter-segment sales	29,018	809	29,827
Sub-total	88,662	16,436	105,098
Elimination of inter-segment sales			(29,827)
Total operating revenue			75,271
Result			
Segment loss	(1,366)	(986)	(2,352)
Bank interest income			10
Other operating income			1,379
Corporate expenses			(183)
			(1,146)
Finance costs			(4,427)
Loss before taxation			(5,573)

Inter-segment sales are charged by reference to market prices.

Segment profit/(loss) represents the profit earned by/(from) each segment without allocation of central administration costs including directors' salaries, corporate expenses, other income, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	Cards RMB'000	Non-cards RMB'000	Total RMB'000
Balance sheet as at 31 December 2009			
Segment assets			
Segment assets	**79,332**	**720**	**80,052**
Unallocated assets			**189**
Consolidated assets			**80,241**
Segment liabilities			
Segment liabilities	**55,207**	**959**	**56,166**
Unallocated liabilities			**20,719**
Consolidated liabilities			**76,885**
Balance sheet as at 31 December 2008			
Segment assets			
Segment assets	85,104	1,441	86,545
Unallocated assets			21,004
Consolidated assets			107,549
Segment liabilities			
Segment liabilities	48,202	2,705	50,907
Unallocated liabilities			53,729
Consolidated liabilities			104,636

Other segment information

For the purposes of monitoring segment performance and allocating resources between segments:

— Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and

— liabilities for which segments are jointly liable are allocated in proportion to segment assets.

	Cards RMB'000	Non-cards RMB'000	Total RMB'000
For the year ended 31 December 2009			
Amount included in the measure of segment profit or loss or segment assets:			
Additions to property, plant and equipment	**16**	**—**	**16**
Depreciation for property, plant and equipment	**2,108**	**86**	**2,194**
Reversal of impairment loss on trade and other receivables	**(254)**	**—**	**(254)**
Reversal of impairment loss on inventories	**(87)**	**—**	**(87)**
Loss on disposal of property, plant and equipment	**23**	**—**	**23**
Property, plant and equipment written off	**18**	**—**	**18**
Amortisation of prepaid lease payments	**81**	**—**	**81**
For the year ended 31 December 2008			
Amount included in the measure of segment profit or loss or segment assets:			
Additions to property, plant and equipment	84	—	84
Depreciation for property, plant and equipment	2,188	89	2,277
Impairment loss on trade and other receivables	5,115	348	5,463
Impairment loss on inventories	386	102	488
Gain on disposal of property, plant and equipment	(17)	—	(17)
Property, plant and equipment written off	103	—	103
Amortisation of prepaid lease payments	82	—	82

Geographical information

All of the Group's operations are carried out in the PRC (country of domicile) and accordingly, the revenue from external customers and non-current assets are all situated in that region.

Revenue from major product

The Group's revenue from its major product was as follows:

	2009	2008
	RMB'000	RMB'000
Card products		
eKeys	**22,773**	16,436

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2009	2008
	RMB'000	RMB'000
Customer A	**15,006**	281
Customer B	**11,684**	13,404
	26,690	13,685

5 FINANCE COSTS

	2009	2008
	RMB'000	RMB'000
Interest on:		
Bank borrowings wholly repayable within five years	**2,260**	3,727
Imputed interest expense on other financial assets	**—**	700
	2,260	4,427

No interest was capitalised during the both reporting periods.

6 INCOME TAX (CREDIT)/EXPENSE

	2009	2008
	RMB'000	RMB'000
The tax (credit)/charge comprises:		
PRC Enterprise Income Tax		
Current year	**—**	265
Overprovision in prior years	**(37)**	—
	(37)	265

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The Company and certain of its subsidiaries, were subject to EIT at rate of 20% (2008: 15%) as they were classified as Advanced and New Technology Enterprise.

No provision for taxation has been made as the Group's income neither arise in, nor is derived from Hong Kong for the year ended 31 December 2009 (2008: Nil).

The tax charge for the year can be reconciled to the profit/(loss) per the consolidated statement of comprehensive income as follows:

	2009	2008
	RMB'000	RMB'000
Profit/(Loss) before taxation	**406**	(5,573)
Tax at PRC Enterprise Income Tax rate of 25% (2008: 15%)	**102**	(836)
Tax effect of expenses not deductible for tax purpose	**(71)**	1,154
Effect of different tax rates of subsidiaries	**42**	(171)
Tax effect of tax losses not recognised	**(230)**	118
Utilisation of tax losses previously not recognised	**120**	—
Income tax (credit)/expense for the year	**(37)**	265

The Group had no significant unprovided deferred taxation as at 31 December 2009 and 2008.

At 31 December 2009, the Group has unused tax losses of approximately RMB12,406,000 (2008: RMB14,648,000) available to offset against future profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams. The tax losses are available for 5 years for offsetting against future taxable profits on companies in which the losses arose.

7 DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2009 (2008: Nil), nor has any dividend been proposed since the end of the reporting period (2008: Nil).

8 PROFIT/(LOSS) PER SHARE

The calculation of the basic profit/(loss) per share for the year is based on the profit/(loss) for the year attributable to the owners of the Company of approximately RMB375,000 (2008: RMB5,296,000) and the weighted average of 520,000,000 (2008: 520,000,000) ordinary shares in issue during the year.

No diluted profit/(loss) per share have been presented for two years ended 31 December 2009 and 2008 as there were no diluting events existed during those years.

9 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Leasehold improvement, furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2008	19,225	21,871	3,551	1,322	8,518	54,487
Additions	—	34	50	—	—	84
Disposals	—	(292)	(5)	—	—	(297)
Written off	—	—	(970)	—	—	(970)
At 31 December 2008	19,225	21,613	2,626	1,322	8,518	53,304
Additions	—	9	7	—	—	16
Disposals	—	—	—	(218)	—	(218)
Written off	—	(15)	(7)	(80)	—	(102)
At 31 December 2009	**19,225**	**21,607**	**2,626**	**1,024**	**8,518**	**53,000**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2008	6,865	15,202	2,637	796	8,518	34,018
Depreciation expense	573	1,290	282	132	—	2,277
Eliminated on disposals	—	(281)	(5)	—	—	(286)
Written off	—	—	(867)	—	—	(867)
At 31 December 2008	7,438	16,211	2,047	928	8,518	35,142
Depreciation expense	574	1,261	208	151	—	2,194
Eliminated on disposals	—	—	—	(211)	—	(211)
Written off	—	(14)	(6)	(64)	—	(84)
At 31 December 2009	**8,012**	**17,458**	**2,249**	**804**	**8,518**	**37,041**
CARRYING AMOUNTS						
At 31 December 2009	**11,213**	**4,149**	**377**	**220**	**—**	**15,959**
At 31 December 2008	11,787	5,402	579	394	—	18,162

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

	Depreciation line	Residual value (on cost)
Buildings	30-40 years	3%
Plant and machinery	6 years	3-10%
Leasehold improvements	6 years	10%
Furniture, fixtures and equipment	5-6 years	3-10%
Motor Vehicles	5-10 years	3-10%

The buildings are situated on land held under medium-term leases in the People's Republic of China.

The carrying amount of the Group's buildings includes an amount of approximately RMB5,036,000 (2008: RMB5,183,000) in which the Group has not obtained the legal title from the relevant government authority. In the opinion of the directors, as the Group has paid most of the purchase price of the said property, the Group can occupy the said property for its own use.

The carrying amount of the Group's building, plant and machinery which are pledged to secure banking facilities granted to the Group is approximately RMB8,083,000 (2008: RMB8,446,000).

10 TRADE RECEIVABLES

	2009	2008
	RMB'000	RMB'000
Trade receivables	**87,628**	90,289
Less: Accumulated impairment	**(47,568)**	(47,357)
	40,060	42,932

The aged analysis of trade receivables net of impairment loss presented based on transaction date at the reporting date.

	2009	2008
	RMB'000	RMB'000
1 to 90 days	**21,913**	19,435
91 to 180 days	**8,774**	7,454
181 to 365 days	**4,399**	11,234
Over 365 days	**52,542**	52,166
	87,628	90,289

The Group allows an average credit period of 15-180 days to its customers. In addition, for certain customers with long-established relationship and good past repayment histories, a longer credit period may be granted.

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately RMB9,365,000 (2008: RMB16,043,000) which were past due at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered fully recoverable. The Group does not hold any collateral over these balances.

Aging analysis of trade receivables which are past due but not impaired are as follows:

	2009	2008
	RMB'000	RMB'000
181 to 365 days	**4,401**	11,230
Over 365 days	**4,964**	4,813
	9,365	16,043

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Movements in the impairment for trade receivables are as follows:

	2009	2008
	RMB'000	RMB'000
Balance at beginning of the year	**47,357**	44,898
Impairment losses recognised during the year	**211**	2,459
Balance at end of the year	**47,568**	47,357

Included in the impairment on trade receivables are individually impaired trade receivables with an aggregate balance of RMB47,568,000 (2008: RMB47,357,000) since the management considered the prolonged outstanding balances were uncollectible. The Group does not hold any collateral over these balances.

11 OTHER RECEIVABLES

	2009	2008
	RMB'000	RMB'000
Advance to suppliers	**3,093**	3,792
Other financial assets	**—**	525
Other debtors, deposits and prepayments	**7,474**	18,658
	10,567	22,975
Less: Accumulated impairment loss on other receivables	**(2,554)**	(3,019)
	8,013	19,956

Movement in the impairment loss on other receivables are as follows:

	2009	2008
	RMB'000	RMB'000
Balance at beginning of the year	**3,019**	17,242
Amount written off as uncollectible	**—**	(17,227)
(Reversed)/Impairment loss recognised during the year	**(465)**	3,004
Balance at the end of the year	**2,554**	3,019

In determining the recoverability of other receivables, the Group considers any changes in the credit quality of the other receivables. The Directors have considered provision for impairment is values be made in respect of other receivables to their recoverable values.

The amount of other debtors are unsecured, interest-free and repayable on demand.

Included in the impairment loss are individually impaired other receivables with an aggregate balance of RMB2,554,000 (2008: RMB3,019,000) which are due to long outstanding in severe financial difficulties. The Group does not hold any collateral over these balances.

12 TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the transaction date at the end of reporting period:

	2009 RMB'000	2008 RMB'000
1 - 90 days	**12,845**	8,595
91 - 180 days	**838**	2,269
181 - 365 days	**1,300**	3,386
Over 365 days	**9,092**	11,771
Trade payables	**24,075**	26,021
Value-added tax payable	**12,729**	11,159
Deposits from customers	**—**	1,542
Other payables	**17,508**	16,602
	54,312	55,324

The average credit period on purchases of goods is 90 - 180 days (2008: 90 - 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

13 BANK BORROWINGS

	2009 RMB'000	2008 RMB'000
Short-term bank loans:		
Secured	**10,646**	36,359
Unsecured	**4,889**	5,605
	15,535	41,964

Included in bank borrowings were unsecured bank loans guaranteed by:

	2009 RMB'000	2008 RMB'000
Mr. Li Qi Ming, a director of the Company and Shenzhen Shendeking Investment Guarantee Co., Ltd. 深圳鑫德勤擔保有限公司	**4,889**	5,605

The exposure of the Group's bank borrowings and the contractual maturity dates (or repricing dates) are as follows:

	2009	2008
	RMB'000	RMB'000
Fixed-rate bank borrowings		
Within one year	**15,535**	19,964
Variable-rate bank borrowings		
Within one year	**—**	22,000
	15,535	41,964

The ranges of effective interest rates (which are also equal to contracted interest rate) on the Group's bank borrowings are as follows:

	2009	2008
	RMB'000	RMB'000
Effective interest rate:		
Fixed-rate borrowings	**8.019% - 8.748%**	7.56% - 8.748%
Variable-rate borrowings	**—**	5.94%

The Group's bank borrowings are denominated in Renminbi.

The bank loans of RMB10,646,000 borrowed from Guangdong Development Bank is secured by the following:-

(a) corporate guarantees issued by a subsidiary to the extent of RMB10,646,000 (2008: RMB11,459,000); and

(b) certain leasehold land and building with a net book value of RMB10,473,000 (2008: RMB10,917,000).

INDEPENDENT AUDITOR'S REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter in relation to the going concern basis for preparation of financial statements

Without qualifying our opinion, we draw attention that as at 31 December 2009 the Group had significant accumulated losses of approximately RMB75,437,000 and its current liabilities exceeded its current assets by approximately RMB14,911,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis based on the considerations as set out in note 2 to the consolidated financial statements, the validity of which primarily depends upon the financial support from the substantial shareholders to cover the Group's operating costs and to meet its financing commitments. The consolidated financial statements do not include any adjustments that would result from a failure to obtain such financial support.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2009, the Group recorded a turnover of approximately RMB62,666,000, representing a decrease of approximately 16.7% as compared with the turnover of approximately RMB75,271,000 in the previous year. Such a decrease was mainly due to the global economic slowdown which caused a decrease in demand for the non-card products.

The gross profit of the Group for the year ended 31 December 2009 amounted to approximately RMB13,214,000, with an decrease of approximately 42.3% as compared with the gross profit of approximately RMB22,909,000 in the previous year, and its percentage of gross profit for the year dropped from 30% to 21% as compared with last year. The underlying reason of such decrease is mainly attributable to the keen competition for the prices of card products.

For the year ended 31 December 2009, the Group's general and administrative expenses decreased by approximately RMB4,240,000 or approximately 32.1% to approximately RMB8,976,000 as compared with last year. In comparing with the same in 2008, the distribution and selling expenses decreased by approximately 30.3% from approximately RMB4,297,000 to approximately RMB2,995,000 for the year ended 31 December 2009. The decrease was in line with the decrease in sales.

For the year ended 31 December 2009, profit attributable to shareholders was approximately RMB375,000 as compared to a loss of approximately RMB5,296,000 in 2008. The improvement was mainly attributable to a significant impairment loss on trade and other receivables of RMB5,463,000 made in 2008.

For the year ended 31 December 2009, the Group had equity attributable to owners of the Company of approximately RMB3,069,000 (2008: RMB2,694,000), bank balances and cash of approximately RMB3,622,000 (2008: RMB8,734,000), current assets of approximately RMB61,974,000 (2008: RMB86,055,000) and current liabilities of approximately RMB76,885,000 (2008: RMB104,636,000). The Group's current ratio (total current assets over total current liabilities) remained at approximately 0.81 as at 31 December 2009 (2008: 0.81).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Net current assets

As at 31 December 2009, the Group had net current liabilities of approximately RMB14,911,000. Current assets as at 31 December 2009 comprised inventories of approximately RMB9,476,000, trade receivables of approximately RMB40,060,000, other receivables of approximately RMB8,013,000, prepaid lease payments of approximately RMB82,000, amount due from a shareholder of approximately RMB500,000, amount due from directors of approximately RMB221,000 and bank balances and cash of approximately RMB3,622,000. Current liabilities as at 31 December 2009 comprised trade and other payables of approximately RMB54,312,000, amount due to a director of RMB3,000, tax liabilities of approximately RMB7,035,000, short-term borrowings of approximately RMB15,535,000.

Gearing ratio

The Group's gearing ratios were approximately 355% and 1,141% as at 31 December 2009 and 31 December 2008 respectively. The calculation of the gearing ratios was shown in note 6 to the consolidated financial statements.

Capital commitments

As at 31 December 2009, the Group had outstanding capital commitments of approximately RMB786,000 (2008: RMB786,000).

Financial resources

As at 31 December 2009, the Group had bank balances and cash of approximately RMB3,622,000. The Company intends to finance the Group's future operations, capital expenditure and other capital requirements with the existing bank balances.

Capital structure

Details of the capital of the Company are set out in note 32 to the consolidated financial statements.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group had no material acquisitions or disposals during the year ended 31 December 2009.

SEGMENTAL INFORMATION

The Group's products are divided into two kinds, namely card products and non-card products. Card products include IC cards, non-IC cards, IC chips and others. Non-card products include card peripheral equipment.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2009, the Group had 283 full time employees, comprising 44 in administration and finance, 16 in research and development and customer services, 43 in sales, 157 in production, 8 in purchase, and 15 in quality control.

We place high value on our employees as they are our greatest assets to grow with the Group. We encourage our people to be the best in their roles by providing training in diversified fields that address both personal developments and work skills. We also provide workshops for staff at different levels to build team spirit and morale. Our staff were rewarded based on the Company performance as well as their personal performance and contribution.

The Company has established a remuneration committee to make recommendations on the overall strategy of remuneration policies.

SIGNIFICANT INVESTMENTS

There is no significant investment held by the Group as at 31 December 2009.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2009, the assets with a total net book value of approximately RMB10,473,000 (2008: RMB14,346,000) were pledged as collateral for the Group's bank loans.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed herein, the Group did not have any details of future plans for material investment or capital assets as at 31 December 2009.

FOREIGN EXCHANGE EXPOSURE

Since most of the income and expenditure of the Group were received and paid in RMB, the local currency of the place where the Group principally operates in, the Directors do not consider that the Group was significantly exposed to any foreign currency exchange risk.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2009 (2008: Nil).

DIRECTORS' REPORT

DISCLOSURES OF INTEREST

1. Directors', Chief Executives' and Supervisors' Interest in Shares

As at 31 December 2009, the interests and long positions of the Directors, the Chief Executive and the Supervisors and their respective associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which are required (a) 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); or (b) to be recorded in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by directors referred to in Rule 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name of Director/ Chief Executive/ Supervisor	Capacity	Number and class of securities	Approximate percentage of domestic shares	Approximate percentage of total registered share capital
Mr. Li Qi Ming	Beneficial owner	229,840,000 domestic shares	71.87%	44.20%
Mr. Zhu Qing Feng	Beneficial owner	50,700,000 domestic shares	15.85%	9.75%
Mr. Li Wen Jun	Beneficial owner	3,380,000 domestic shares	1.06%	0.65%

Other than the holdings disclosed above, none of the Company's directors, chief executives, supervisors, and their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 31 December 2009.

2. Substantial Shareholders

So far as the Directors are aware, as at 31 December 2009, the persons or companies (not being a Director or chief executive of the Company) have interests and/or long positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO, and who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Name of substantial shareholders	Capacity	Number and class of securities	Approximate percentage of (H) shares	Approximate percentage of total registered share capital
Princeps MB Asset Management Corp.	Beneficial owner	11,416,000 H shares	5.70%	2.20%

DIRECTORS' AND SUPERVISORS' RIGHT TO ACQUIRE H SHARES

As at 31 December 2009, none of the Directors, supervisors and chief executive of the Company was granted options to subscribe for H shares of the Company. As at 31 December 2009, none of the Directors, supervisors and chief executives of the Company had any rights to acquire H shares in the Company.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director or a supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SHARE OPTION SCHEME

The Company has not granted or issued any option up to 31 December 2009.

CONNECTED AND RELATED PARTY TRANSACTIONS

Save as disclosed in note 38 to the consolidated financial statements, there were no other connected transactions, which were discussable under Chapter 20 of the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

According to the Articles of Association of the Company and the laws of the PRC, there are no provisions for pre-emptive rights requiring the Company to offer new shares to the existing shareholders of the Company in proportion to their shareholdings.

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year ended 31 December 2009, and they have all confirmed their respective full compliance with the required standard set out in the Model Code.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of the report.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CORPORATE GOVERNANCE

Except for the deviations disclose below, the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in the GEM Listing Rules during the year under review.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Company during the year under review.

AUDITOR

The consolidated financial statements for the year ended 31 December 2009 was audited by Messrs. KTC Partners CPA Limited. A resolution for the reappointment of Messr. KTC Partners CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Mr. Li Qi Ming assumes the role of both the chairman and the chief executive officer of the Company. While serving as the chairman of the Group, Mr. Li leads the Board and is responsible for the proceedings and workings of the Board. He ensures that:

- the Board acts in the best interests of the Group; and
- the Board functions effectively, and that all key and appropriate issues are properly briefed and discussed by the Board.

The role of chairman and chief executive officer of the Group rests on the same individual which deviates form the code provision in the Corporate Governance Code of not having a clear division of responsibilities. The Board is of the view that has not compromised accountability and independent decision making for the following reasons:

- Audit Committee composed exclusively of independent non-executive directors; and
- The independent non-executive Directors have free and direct access to the Company's external auditors and independent professional advice when considered necessary.

Mr. Li, the executive chairman, is a substantial shareholder of the Group and has considerable industry experience. He is motivated to contribute to the growth and profitability of the Group. The Board is of the view that it is in the best interests of the Group to have an executive chairman so that the Board can have the benefit of a chairman who is knowledgeable about the business of the Group and is most capable to guide discussions and brief the Board in a timely manner on pertinent issues and developments to facilitiate open dialogue between the Board and the management.

REMUNERATION COMMITTEE

The remuneration committee was established on 3 July 2008, for inter alia the following purposes:

(a) to make recommendations to the Board on policies and structure for remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

(b) to determine the remuneration packages for executive directors and senior management and to make recommendations to the board on the remuneration of non-executive directors.

The remuneration committee is made up of all of the Company's independent non-executive directors, namely, Mr. Gao Xiang Nong (chairman), Ms. Wang Xiao Hong and Mr. Deng Xiao Bao. The duty of remuneration committee is to review and determine the remuneration policy and packages of the executive directors and executives.

There was no meeting held in 2009.

NOMINATION COMMITTEE

The Board is responsible for considering the suitability of a candidate to act as a director, and approving and terminating the appointment of a director. The nomination committee was established on 3 July 2008 with specific written terms of reference which deal clearly with its authority and duties as set out in code provision A.4.4 of the Code. The nomination committee is made up of all the Company's independent non-executive directors, namely Mr. Gao Xiang Nong (Chairman), Ms. Wang Xiao Hong and Mr. Deng Xiao Bao.

The chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The chairman will propose the appointment of such candidates to each member of the Board for consideration and each member of the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of his qualifications, experience and background. The decision of appointing a director must be approved unanimously by the members of the Board and make recommendation to the shareholders' meeting for approval.

There was no meeting held in 2009.

AUDITORS' REMUNERATION

An amount of approximately RMB479,000 (2008: RMB401,000) was charged to the Group's consolidated statement of comprehensive income for the year ended 31 December 2009. There was no significant non-audit service assignment undertaken by the auditors during the year.

AUDIT COMMITTEE

By reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants, written terms of reference which describe the authority and duties of the audit committee were prepared and adopted by the Board of the Company. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group and provide advice and comments to the directors.

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters. The audit committee has also reviewed the audited annual result of the Group for the year ended 31 December 2009.

The audit committee was established on 19 June 2004 to review the Group's financial reporting, internal controls and make relevant recommendations to the Board. The terms of reference of the audit committee are posted on the Company's website.

The audit committee comprises three independent non-executive Directors, namely Mr. Gao Xiang Nong (Chairman), Ms. Wang Xiao Hong and Mr. Deng Xiao Bao.

The audit committee held four meetings in 2009, which were attended by all members. The Group's 2009 first and third quarterly reports, 2009 half-yearly report and 2008 annual report have been reviewed by the audit committee, which was of the opinion that such reports were prepared in accordance with the applicable accounting standards and requirements. For 2009 annual report, the audit committee met with the external auditors to discuss auditing, internal control, statutory compliance and financial reporting matters before recommending it to the Board for approval. The committee also monitored the Company's progress in implementing the code provisions on corporate governance practices as required under the GEM Listing Rules.

DIRECTORS

As at the date of this announcement, the executive Directors are Mr. Li Qi Ming, Mr. Zhu Qing Feng, Mr. Li Wen Jun and Mr. Liu Guo Fei; and the independent non-executive Directors are Mr. Gao Xiang Nong, Ms Wang Xiao Hong and Mr. Deng Xiao Bao.

By Order of the Board
Shenzhen Mingwah Aohan
High Technology Corporation Limited*
Li Qi Ming
Chairman

Shenzhen, the PRC, 30 March 2010

* *For identification purpose only*

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