深 圳 市 明 華 澳 漢 科 技 股 份 有 限 公 司

Shenzhen Mingwah Aohan High Technology Corporation Limited*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock code: 8301)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-todate information on GEM-listed issuers.

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 2010 together with last year's comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Notes	**2010** RMB'000	2009 RMB'000
Turnover	3	**99,130**	62,666
Cost of sales		**(79,592)**	(49,452)
Gross profit		**19,538**	13,214
Other income		**312**	1,209
Other gains and losses		**336**	214
Distribution and selling expenses		**(4,226)**	(2,995)
General and administrative expenses		**(11,146)**	(8,976)
Finance costs	5	**(2,682)**	(2,260)
Profit before tax		**2,132**	406
Income tax (expense)/credit	6	**(112)**	37
Profit for the year		**2,020**	443
Other comprehensive income for the year		**—**	—
Total comprehensive income for the year		**2,020**	443
Profit attributable to:			
Owners of the Company		**1,416**	375
Non-controlling interests		**604**	68
		2,020	443
Total comprehensive income attributable to:			
Owners of the Company		**1,416**	375
Non-controlling interests		**604**	68
		2,020	443
Earnings per share			
Basic	8	**0.27 cents**	0.07 cents
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
Non-current Assets			
Property, plant and equipment	9	**14,647**	15,959
Prepaid lease payments		**2,226**	2,308
Interest in a jointly controlled entity		**—**	—
		16,873	18,267
Current Assets			
Inventories	10	**9,654**	9,476
Trade receivables	11	**40,560**	40,060
Other receivables		**14,097**	8,013
Prepaid lease payments		**82**	82
Amount due from a shareholder		**—**	500
Amount due from a director		**—**	221
Bank balances and cash		**4,188**	3,622
		68,581	61,974
Current Liabilities			
Trade and other payables	12	**47,203**	54,312
Amount due to a director		**325**	3
Tax liabilities		**7,150**	7,035
Borrowings	13	**17,000**	15,535
		71,678	76,885
Net Current Liabilities		**(3,097)**	(14,911)
Total Assets less Current Liabilities		**13,776**	3,356
Non-current Liabilities			
Borrowings	13	**8,400**	—
Net Assets		**5,376**	3,356
Capital and Reserves			
Share capital		**52,000**	52,000
Share premium and reserves		**(47,515)**	(48,931)
Equity attributable to owners of the Company		**4,485**	3,069
Non-controlling interests		**891**	287
Total Equity		**5,376**	3,356

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to owners of the Company						Attributable to non-controlling interests	Total
	Share capital	Share premium	Statutory surplus reserve	Statutory public welfare fund	Accumulated losses	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2009	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
Profit for the year	—	—	—	—	1,416	1,416	604	2,020
Other comprehensive income for the year	—	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	1,416	1,416	604	2,020
At 31 December 2010	**52,000**	**17,574**	**5,954**	**2,978**	**(74,021)**	**4,485**	**891**	**5,376**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2010, the Group had significant accumulated losses of approximately RMB74,021,000 and its current liabilities exceeded its current assets by approximately RMB3,097,000. 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 meet its financial commitments. The substantial shareholders have confirmed their intention and ability to provide continuing financial support to the Group so as to enable it to meets its liabilities as and when they fall due and to carry on its business for the forseeable 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 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.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations (hereinafter collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the Group's financial year beginning 1 January 2010.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK - Interpretation ("Int") 5	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners

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 standards and interpretations issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures -Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendment)	Deferred Tax : Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

2 Effective for annual periods beginning on or after 1 February 2010

3 Effective for annual periods beginning on or after 1 July 2010

4 Effective for annual periods beginning on or after 1 January 2011

5 Effective for annual periods beginning on or after 1 July 2011

6 Effective for annual periods beginning on or after 1 January 2012

7 Effective for annual periods beginning on or after 1 January 2013

The amendments to HKFRS 7 titled Disclosures - Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. To date, the Group has not entered into transactions involving transfers of financial assets. However, if the Group enters into any such transactions in the future, disclosures regarding those transfers may be affected.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

— Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

— In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may have a significant impact on amounts reported in respect of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

The amendments to HKAS 32 titled Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

3 TURNOVER

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

	2010	2009
	RMB'000	RMB'000
Sales of cards	**92,351**	58,864
Sales of non-cards	**6,779**	3,802
	99,130	62,666

4 SEGMENT INFORMATION

Segment revenues and result

For management purpose, the Group's products are divided into two kinds, namely card and non-card products. Card products includes IC cards and non-IC cards, IC chips and related service. 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 2010

	Card products	**Non-card products**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Revenue			
Sales to external customers	**92,351**	**6,779**	**99,130**
Inter-segment sales	**18,392**	**—**	**18,392**
Sub-total	**110,743**	**6,779**	**117,522**
Elimination of inter-segment sales			**(18,392)**
Total operating revenue			**99,130**
Result			
Segment profit/(loss)	**5,409**	**(907)**	**4,502**
Bank interest income			**5**
Other operating income			**307**
			4,814
Finance costs			**(2,682)**
Profit before taxation			**2,132**

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

The following is an analysis of the Group's revenues and results by reportable segment.

For the year ended 31 December 2009

	Card products 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.

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:

Statement of financial position as at 31 December 2010

	Card products RMB'000	Non-card products RMB'000	Total RMB'000
Segment assets			
Segment assets	**81,256**	**4,198**	**85,454**
Unallocated assets			**—**
Consolidated assets			**85,454**
Segment liabilities			
Segment liabilities	**69,858**	**10,220**	**80,078**
Unallocated liabilities			**—**
Consolidated liabilities			**80,078**

Statement of financial position as at 31 December 2009

	Card products RMB'000	Non-card products RMB'000	Total RMB'000
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

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.

For the year ended 31 December 2010

	Card products RMB'000	**Non-card products RMB'000**	**Total RMB'000**
Amount included in the measure of segment profit or loss or segment assets:			
Additions to property, plant and equipment	**800**	**—**	**800**
Depreciation for property, plant and equipment	**1,636**	**60**	**1,696**
Reversal of impairment loss on trade and other receivables	**(238)**	**—**	**(238)**
Impairment loss on inventories	**17**	**—**	**17**
Gain on disposal of property, plant and equipment	**(223)**	**—**	**(223)**
Property, plant and equipment written off	**108**	**—**	**108**
Amortisation of prepaid lease payments	**82**	**—**	**82**

For the year ended 31 December 2009

	Card products RMB'000	Non-card products RMB'000	Total RMB'000
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	7	—	7
Property, plant and equipment written off	18	—	18
Amortisation of prepaid lease payments	81	—	81

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:

	2010	2009
	RMB'000	RMB'000
Card products		
ekeys	**54,184**	22,773

Information about major customers

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

	2010	2009
	RMB'000	RMB'000
Customer A	**40,017**	15,006
Customer B	**—**	11,684
	40,017	26,690

5 FINANCE COSTS

	2010	2009
	RMB'000	RMB'000
Interest on:		
Bank borrowings wholly repayable within five years	**2,682**	2,260

No interest was capitalised during the both reporting periods.

6 INCOME TAX (EXPENSE)/CREDIT

	2010 RMB'000	2009 RMB'000
The tax (charge)/credit comprises:		
PRC Enterprise Income Tax		
Current year	**(112)**	—
Overprovision in prior years	**—**	37
	(112)	37

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 23%-25% (2009: 20%-25%) 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 2010 (2009: Nil).

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

	2010 RMB'000	2009 RMB'000
Profit before taxation	**2,132**	406
Tax at PRC Enterprise Income Tax rate of 25% (2009: 25%)	**(533)**	(102)
Tax effect of (expenses)/income not (deductible)/taxable for tax purpose	**(301)**	71
Effect of different tax rates of subsidiaries	**(10)**	19
Tax effect of tax losses not recognised	**(250)**	(129)
Overprovision in prior year	**—**	37
Utilisation of tax losses previously not recognised	**982**	141
Income tax (expense)/credit for the year	**(112)**	37

The Group had no significant unprovided deferred taxation as at 31 December 2010 and 2009.

At 31 December 2010, the Group has unused tax losses of approximately RMB15,540,000 (2009: RMB19,147,000) 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 2010 (2009: Nil), nor has any dividend been proposed since the end of the reporting period (2009: Nil).

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB1,416,000 (2009: RMB375,000) and the weighted average of 520,000,000 (2009: 520,000,000) ordinary shares in issue during the year.

No diluted earnings per share have been presented for two years ended 31 December 2010 and 2009 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	Total RMB'000
COST					
At 1 January 2009	19,225	30,131	2,626	1,322	53,304
Additions	—	9	7	—	16
Disposals	—	—	—	(218)	(218)
Written off	—	(15)	(7)	(80)	(102)
At 31 December 2009	19,225	30,125	2,626	1,024	53,000
Additions	—	261	95	444	800
Disposals	—	(530)	—	—	(530)
Written off	—	(3,931)	—	—	(3,931)
At 31 December 2010	**19,225**	**25,925**	**2,721**	**1,468**	**49,339**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2009	7,438	24,729	2,047	928	35,142
Depreciation expenses	574	1,261	208	151	2,194
Eliminated on disposals	—	—	—	(211)	(211)
Written off	—	(14)	(6)	(64)	(84)
At 31 December 2009	8,012	25,976	2,249	804	37,041
Depreciation expenses	573	937	93	93	1,696
Eliminated on disposals	—	(222)	—	—	(222)
Written off	—	(3,823)	—	—	(3,823)
At 31 December 2010	**8,585**	**22,868**	**2,342**	**897**	**34,692**
CARRYING AMOUNTS					
At 31 December 2010	**10,640**	**3,057**	**379**	**571**	**14,647**
At 31 December 2009	11,213	4,149	377	220	15,959

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 RMB4,889,000 (2009: RMB5,036,000) 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 buildings, plant and machinery which are pledged to secure banking facilities granted to the Group is approximately RMB5,751,000 (2009: RMB8,083,000).

10 INVENTORIES

	2010 RMB'000	2009 RMB'000
Raw materials	**10,920**	11,014
Finished goods	**2,657**	3,743
	13,577	14,757
Less: Accumulated impairment	**(3,923)**	(5,281)
	9,654	9,476

11 TRADE RECEIVABLES

	2010 RMB'000	2009 RMB'000
Trade receivables	**42,710**	87,628
Less: Accumulated impairment	**(2,150)**	(47,568)
	40,560	40,060

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

	2010 RMB'000	2009 RMB'000
1 to 90 days	**19,320**	21,913
91 to 180 days	**8,066**	8,774
181 to 365 days	**8,341**	4,399
Over 365 days	**6,983**	52,542
	42,710	87,628

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 RMB12,594,000 (2009: RMB9,365,000) 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:

	2010 RMB'000	2009 RMB'000
181 to 365 days	**8,026**	4,399
Over 365 days	**4,568**	4,966
	12,594	9,365

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:

	2010	2009
	RMB'000	RMB'000
Balance at beginning of the year	**47,568**	47,357
Amounts written off as uncollectible	**(45,180)**	—
Reversal of impairment losses	**(238)**	—
Impairment loss recognised during the year	**—**	211
Balance at end of the year	**2,150**	47,568

Included in the impairment on trade receivables are individually impaired trade receivables with an aggregate balance of RMB2,150,000 (2009: RMB47,568,000) since the management considered the prolonged outstanding balances were uncollectible. 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:

	2010	2009
	RMB'000	RMB'000
1 - 90 days	**5,802**	12,845
91 - 180 days	**571**	838
181 - 365 days	**3,441**	1,300
Over 365 days	**9,236**	9,092
Trade payables	**19,050**	24,075
Value-added tax payable	**14,919**	12,729
Deposits from customers	**151**	—
Other payables	**13,083**	17,508
	47,203	54,312

The average credit period on purchases of goods is 90 - 180 days (2009: 90 - 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

13 BORROWINGS

	2010	2009
	RMB'000	RMB'000
Bank loans:		
Secured	**10,000**	10,646
Unsecured	**—**	4,889
	10,000	15,535
Other loans – unsecured	**15,400**	—
	25,400	15,535

Carrying amount repayable:

	2010	2009
	RMB'000	RMB'000
Within one year	**17,000**	15,535
More than one year, but not exceeding two years	**8,400**	—
	25,400	15,535
Less: Amount due within one year shown under current liabilities	**(17,000)**	(15,535)
	8,400	—

Included in bank borrowings were unsecured bank loans guaranteed by:

	2010	2009
	RMB'000	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

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

	2010	2009
	RMB'000	RMB'000
Fixed-rate bank borrowings		
Within one year	**—**	15,535
Variable-rate borrowings		
Within one year	**17,000**	
More than one year, but not exceeding two years	**8,400**	—
	25,400	15,535

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

	2010	2009
Effective interest rate:		
Fixed-rate borrowings	**—**	8.019% - 8.748%
Variable-rate borrowings	**5.40% - 6.39%**	—

The Group's borrowings are denominated in Renminbi.

As at 31 December 2010, the bank loans of RMB10,000,000 (2009: RMB10,646,000) is secured by the following:

(a) corporate guarantees issued by a subsidiary to the extent of Nil (2009: RMB10,646,000); and

(b) certain leasehold land, buildings, plant and machinery with a net book value of RMB8,059,000 (2009: RMB10,473,000).

As at 31 December 2010, the other loan of RMB15,400,000 borrowed from a former minority shareholder of a subsidiary, will be repayable by RMB7,000,000 and RMB8,400,000 in 2011 and 2012 respectively.

14 CONTINGENT LIABILITIES

Litigations

(i) Legal claim from四會雅風物業管理有限公司

On 13 July 2010, an order "強制執行(2010)南法執行第03618號" in favour of四會雅風物業管理有限公司was issued by佛山市南海區人民法院against the Company's subsidiary, Sihui Mingwah Aohan High Technology Company Limited ('Sihui') with respect to the payment of an amount of approximately RMB5,000,000.

During the year ended 31 December 2010, partial payments had been made. The total outstanding amount including the interest accrued as at 31 December 2010, was approximately RMB2,000,000. Subsequent to the end of the reporting period, Shihu and四會雅風物業管理有限公司had reached an agreement to settle the claim.

(ii) Legal claim from上海復旦微電子股份有限公司

On 28 December 2010, a legal action was taken by上海復旦微電子股份有限公司against the Company and Sihui for an outstanding amount with accrued interest of approximately RMB4,000,000 relating to the purchase of goods.

Subsequent to end of the reporting period, on 21 January 2011, a settlement agreement "民事調解書(2010)深福法民二初字第10037號220號" was issued by廣東省深圳市福田區人民法院. The Company and Sihui agreed to pay an amount of approximately RMB3,600,000 to上海復旦微電子股份有限公司on or before 20 July 2011 as a full settlement of debt.

The amounts involved in the above two litigations against the Group had been recorded as liabilities for the Group. In light of this, the directors consider that there were no further significant liabilities incurred as at 31 December 2010.

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 of consolidated financial statements that give a true and fair view 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 2010 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 2010, the Group had significant accumulated losses of approximately RMB74,021,000 and its current liabilities exceeded its current assets by approximately RMB3,097,000. These conditions indicate the existence of material uncertainty which may cast a significant doubt about the Group's ability to continue as 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 1 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 2010, the Group recorded a turnover of approximately RMB99,130,000, representing an increase of approximately 58.2% as compared with the turnover of approximately RMB62,666,000 in the previous year. Such an increase was mainly due to the recovery from the global economic downturn which caused a sharp increase in demand for the card products.

The gross profit of the Group for the year ended 31 December 2010 amounted to approximately RMB19,538,000, with an increase of approximately 47.9% as compared with the gross profit of approximately RMB13,214,000 in the previous year, and its percentage of gross profit for the year dropped from 21.1% to 19.7% as compared with last year. The underlying reason of such decrease is mainly attributable to the keen competition for the prices of non-card products.

For the year ended 31 December 2010, the Group's general and administrative expenses was increased by approximately RMB2,170,000 or approximately 24.2% to approximately RMB11,146,000 as compared with last year. In comparing with the same in 2009, the distribution and selling expenses was increased by approximately 41.1% from approximately RMB2,995,000 to approximately RMB4,226,000 for the year ended 31 December 2010. The increase was in line with the increase in sales. The finance cost increased 18.7% to approximately RMB2,682,000 as compared to approximately RMB2,260,000 for the previous year, which was mainly due to the increase of borrowings.

For the year ended 31 December 2010, profit attributable to owners of the Company was approximately RMB1,416,000 as compared to a profit of approximately RMB375,000 in 2009, an increase of 277.6%.

For the year ended 31 December 2010, the Group had equity attributable to owners of the Company of approximately RMB4,485,000 (2009: RMB3,069,000), bank balances and cash of approximately RMB4,188,000 (2009: RMB3,622,000), current assets of approximately RMB68,581,000 (2009: RMB61,974,000) and current liabilities of approximately RMB71,678,000 (2009: RMB76,885,000). The Group's current ratio (total current assets over total current liabilities) was approximately 0.96 (2009: 0.81) as at 31 December 2010.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Net current assets

As at 31 December 2010, the Group had net current liabilities of approximately RMB3,097,000. Current assets as at 31 December 2010 comprised inventories of approximately RMB9,654,000, trade receivables of approximately RMB40,560,000, other receivables of approximately RMB14,097,000, prepaid lease payments of approximately RMB82,000 and bank balances and cash of approximately RMB4,188,000. Current liabilities as at 31 December 2010 comprised trade and other payables of approximately RMB47,203,000, amount due to a director of RMB325,000, tax liabilities of approximately RMB7,150,000, short-term borrowings of approximately RMB17,000,000.

Gearing ratio

The Group's gearing ratios were approximately 395% and 355% as at 31 December 2010 and 31 December 2009 respectively. The calculation of the gearing ratios was shown in note 6 to the consolidated financial statements.

Capital commitments

As at 31 December 2010, the Group had outstanding capital commitments of approximately RMB786,000 (2009: RMB786,000).

Financial resources

As at 31 December 2010, the Group had bank balances and cash of approximately RMB4,188,000. 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 30 to the consolidated financial statements.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group had no material acquisitions or disposals during the year ended 31 December 2010.

SEGMENTAL INFORMATION

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2010, the Group had 295 full time employees, comprising 48 in administration and finance, 18 in research and development and customer services, 49 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 2010.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2010, the assets with a total net book value of approximately RMB8,059,000 (2009: RMB10,473,000) 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 2010.

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 2010 (2009: Nil).

DIRECTORS' REPORT

DISCLOSURES OF INTEREST

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

As at 31 December 2010, 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%	44.2%
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 as at 31 December 2010.

2. **Substantial Shareholders**

So far as the Directors are aware, as at 31 December 2010, no 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:

DIRECTORS' AND SUPERVISORS' RIGHT TO ACQUIRE H SHARES

As at 31 December 2010, 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 2010, 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 2010.

CONNECTED AND RELATED PARTY TRANSACTIONS

Save as disclosed in note 37 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 2010, 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 2010 were audited by Messrs. KTC Partners CPA Limited. A resolution for the reappointment of Messrs. KTC Partners CPA Limited as auditor 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 2010.

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 2010.

AUDITORS' REMUNERATION

The annual audit service fee for the year ended 31 December 2010 payable to the Company's auditor, Messrs. KTC Partners CPA Limited is approximately RMB465,000. There was no significant non-audit service assignment undertaken by the auditor 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 results of the Group for the year ended 31 December 2010.

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 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 2010, which were attended by the members as noted on page 18 of the Annual Report. The Group's 2010 first and third quarterly reports, 2010 half-yearly report and 2009 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 2010 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.

SUPERVISORY COMMITTEE

As at the date of this report, the supervisory committee of the Company comprises three members, namely Mr. Li Xiang (Chairman), Ms. Liu Wei Qun and Mr. He Wei Ming. The supervisory committee is responsible for exercising supervision over the Board and its members and the senior management; and preventing them from abusing their power and authorities and jeopardizing the legal interests of the shareholders, the Company and its employees. During the year ended 31 December 2010, the supervisory committee held one meeting to review the financial positions of the Group and launched various activities to adhere to the principle of good faith.

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, 29 March 2011

* *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.