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 2011

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 2011 together with last year's comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	**2011** **RMB'000**	2010 RMB'000
Turnover	3	**56,470**	99,130
Cost of sales		**(48,872)**	(79,592)
Gross profit		**7,598**	19,538
Other income		**237**	312
Other gains and losses		**14,298**	336
Distribution and selling expenses		**(6,320)**	(4,226)
General and administrative expenses		**(13,670)**	(11,146)
Finance costs	5	**(636)**	(2,682)
Profit before taxation		**1,507**	2,132
Income tax expense	6	**(779)**	(112)
Profit for the year		**728**	2,020
Other comprehensive income for the year		**—**	—
Total comprehensive income for the year		**728**	2,020
Profit attributable to:			
Owners of the Company		**1,119**	1,416
Non-controlling interests		**(391)**	604
		728	2,020
Total comprehensive income attributable to:			
Owners of the Company		**1,119**	1,416
Non-controlling interests		**(391)**	604
		728	2,020
Earnings per share	8		
Basic		**0.22 cents**	0.27 cents
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	**2011** RMB'000	2010 RMB'000
Non-current Assets			
Property, plant and equipment	9	**5,927**	14,647
Prepaid lease payments		**—**	2,226
Interest in a jointly controlled entity		**—**	—
		5,927	16,873
Current Assets			
Inventories	10	**5,527**	9,654
Trade receivables	11	**26,991**	40,560
Other receivables		**11,112**	14,097
Prepaid lease payments		**—**	82
Bank balances and cash		**2,612**	4,188
		46,242	68,581
Current Liabilities			
Trade and other payables	12	**32,349**	47,203
Amount due to a director		**48**	325
Tax liabilities		**6,350**	7,150
Borrowings	13	**7,318**	17,000
		46,065	71,678
Net Current Assets/(Liabilities)		**177**	(3,097)
Total Assets less Current Liabilities		**6,104**	13,776
Non-current Liabilities			
Borrowings	13	**—**	8,400
Net Assets		**6,104**	5,376
Capital and Reserves			
Share capital		**52,000**	52,000
Share premium and reserves		**(46,396)**	(47,515)
Equity attributable to owners of the Company		**5,604**	4,485
Non-controlling interests		**500**	891
Total Equity		**6,104**	5,376

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Attributable to owners of the Company							
	Share capital	**Share premium**	**Statutory surplus reserve**	**Statutory public welfare fund**	**Acc-umulated losses**	**Subtotal**	**Attributable to non-controlling interests**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	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
Profit for the year	—	—	—	—	1,119	1,119	(391)	728
Other comprehensive income for the year	—	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	1,119	1,119	(391)	728
At 31 December 2011	**52,000**	**17,574**	**5,954**	**2,978**	**(72,902)**	**5,604**	**500**	**6,104**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2011, the Group had significant accumulated losses of approximately RMB72,902,000. This condition indicates 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 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 obligations 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 HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the Group's financial year beginning on or after 1 January 2011.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) - Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of the new and revised HKFRSs had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKAS 24 Related party disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) has been revised on the following two aspects: (a) HKAS 24 (as revised in 2009) has changed the definition of a related party and (b) HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Company and its subsidiaries are not government-related entities. In current year, the Group has applied for the first time the revised definition of a related party as set out in HKAS 24 (as revised in 2009).

HKAS 24 (as revised in 2009) requires retrospective application. The application of HKAS 24 (as revised in 2009) has had no impact on the Group's financial performance and positions for the current and prior years.

New and revised HKFRSs issued but not yet effective

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

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets[1]
	Disclosures - Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax - Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 January 2014
[6] Effective for annual periods beginning on or after 1 January 2015

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

— HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "*Financial Instruments: Recognition and Measurement*" to be subsequently measured at 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 reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

— The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss ("FVTPL")) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at FVTPL, 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 recognition 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 FVTPL 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 the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised HKFRSs on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

3 TURNOVER

Turnover represents the gross invoiced value of goods sold, net of value added tax, sales returns and discounts, to outside customers and are summarised as follows:

	2011	2010
	RMB'000	RMB'000
Sales of cards	**52,860**	92,351
Sales of non-cards	**3,610**	6,779
	56,470	99,130

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 services. 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 2011

	Card products	**Non-card products**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Revenue			
Sales to external customers	**52,860**	**3,610**	**56,470**
Inter-segment sales	**28,133**	**—**	**28,133**
Sub-total	**80,993**	**3,610**	**84,603**
Elimination of inter-segment sales			**(28,133)**
Total operating revenue			**56,470**
Result			
Segment profit/(loss)	**2,230**	**(324)**	**1,906**
Bank interest income			**81**
Other operating income			**156**
			2,143
Finance costs			**(636)**
Profit before taxation			**1,507**

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

For the year ended 31 December 2010

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

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 2011

	Card products RMB'000	Non-card products RMB'000	Total RMB'000
Segment assets			
Segment assets	**50,662**	**1,507**	**52,169**
Unallocated assets			**—**
Consolidated assets			**52,169**
Segment liabilities			
Segment liabilities	**44,311**	**1,754**	**46,065**
Unallocated liabilities			**—**
Consolidated liabilities			**46,065**

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

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 2011

	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	**5,078**	**—**	**5,078**
Depreciation for property, plant and equipment	**1,904**	**70**	**1,974**
Reversal of impairment loss on trade receivables	**(218)**	**—**	**(218)**
Impairment loss on inventories	**(2,145)**	**—**	**(2,145)**
Gain on disposal of property, plant and equipment	**(10,762)**	**—**	**(10,762)**
Gain on disposal of prepaid lease payments	**(6,767)**	**—**	**(6,767)**
Property, plant and equipment written off	**1,137**	**—**	**1,137**
Amortisation of prepaid lease payments	**75**	**—**	**75**

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 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

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:

	2011	2010
	RMB'000	RMB'000
Card products		
ekeys	**46,271**	54,184

Information about major customers

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

	2011	2010
	RMB'000	RMB'000
Customer A	**12,177**	40,017
Customer B	**7,677**	—
	19,854	40,017

5 FINANCE COSTS

	2011	2010
	RMB'000	RMB'000
Interest on:		
Bank and other borrowings wholly repayable within five years	**636**	2,682

No interest was capitalised during the both reporting periods.

6 INCOME TAX EXPENSE

	2011	2010
	RMB'000	RMB'000
The tax charge:		
PRC Enterprise Income Tax Current year	**779**	112

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 24-25% (2010: 23-25%) as they were classified as Advanced and New Technology Enterprise.

No provision for Hong Kong profits tax has been made as the Group's income neither arise in, nor is derived from Hong Kong for the year ended 31 December 2011 (2010: Nil).

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

	2011	2010
	RMB'000	RMB'000
Profit before taxation	**1,507**	2,132
Tax at PRC Enterprise Income Tax rate of 25% (2010: 25%)	**377**	533
Tax effect of expenses not deductible for tax purpose	**1,005**	301
Effect of different tax rates of subsidiaries	**(31)**	10
Tax effect of tax losses not recognised	**—**	250
Utilisation of tax losses previously not recognised	**(572)**	(982)
Income tax expense for the year	**779**	112

The Group had no significant unprovided deferred taxation as at 31 December 2011 and 2010.

At 31 December 2011, the Group has unused tax losses of approximately RMB11,254,000 (2010: RMB15,540,000) 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 2011 (2010: Nil), nor has any dividend been proposed since the end of the reporting period (2010: 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 RMB1,119,000 (2010: RMB1,416,000) and the weighted average of 520,000,000 (2010: 520,000,000) ordinary shares in issue during the year.

No diluted earnings per share have been presented for two years ended 31 December 2011 and 2010 as there were no diluting events existed during those years.

9 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Leasehold improvement, furniture, fixtures and equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST					
At 1 January 2010	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
Additions	—	178	4,250	650	5,078
Disposals	(19,225)	(2,036)	(237)	(81)	(21,579)
Written off	—	(10,933)	(1,153)	(250)	(12,336)
At 31 December 2011	**—**	**13,134**	**5,581**	**1,787**	**20,502**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2010	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
Depreciation expenses	565	1,024	155	230	1,974
Eliminated on disposals	(9,150)	(1,503)	(192)	(47)	(10,892)
Written off	—	(9,998)	(951)	(250)	(11,199)
At 31 December 2011	**—**	**12,391**	**1,354**	**830**	**14,575**
CARRYING AMOUNTS					
At 31 December 2011	**—**	**743**	**4,227**	**957**	**5,927**
At 31 December 2010	10,640	3,057	379	571	14,647

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum, after taking into the account of their estimated residual value:

	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 building, plant and machinery which were pledged to secure banking facilities granted to the Group is Nil (2010: RMB5,751,000). During the year, the Group disposed of certain property, plant and equipment at a total consideration of approximately RMB21,449,000 with a disposal gain of approximately RMB10,762,000.

10 INVENTORIES

	2011 RMB'000	2010 RMB'000
Raw materials	**9,131**	10,920
Finished goods	**2,464**	2,657
	11,595	13,577
Less: Accumulated impairment	**(6,068)**	(3,923)
	5,527	9,654

During the year, the Directors conducted a review of inventories and determined that due to damage and obsolescence, the impairment loss of approximately RMB2,145,000 was recognised for the year.

11 TRADE RECEIVABLES

	2011	2010
	RMB'000	RMB'000
Trade receivables	**26,991**	42,710
Less: Accumulated impairment	**—**	(2,150)
	26,991	40,560

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

	2011	2010
	RMB'000	RMB'000
1 to 90 days	**15,206**	19,320
91 to 180 days	**7,079**	8,066
181 to 365 days	**4,084**	8,341
Over 365 days	**622**	6,983
	26,991	42,710

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 RMB4,480,000 (2010: RMB12,594,000) 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:

	2011	2010
	RMB'000	RMB'000
181 to 365 days	**3,893**	8,026
Over 365 days	**587**	4,568
	4,480	12,594

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 loss on trade receivables are as follows:

	2011	2010
	RMB'000	RMB'000
Balance at beginning of the year	**2,150**	47,568
Amounts written off as uncollectible	**(1,932)**	(45,180)
Reversal of impairment loss	**(218)**	(238)
Balance at end of the year	**—**	2,150

No impairment on trade receivables was recognised for the year. For the year ended 31 December 2010, included in the impairment on trade receivables are individually impaired trade receivables with an aggregate balance of RMB2,150,000 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:

	2011	2010
	RMB'000	RMB'000
1 - 90 days	**6,020**	5,802
91 - 180 days	**28**	571
181 - 365 days	**272**	3,441
Over 365 days	**6,411**	9,236
Trade payables	**12,731**	19,050
Value-added tax payable	**12,399**	14,919
Deposits from customers	**—**	151
Other payables	**7,219**	13,083
	32,349	47,203

The average credit period on purchases of goods is 90 - 180 days (2010: 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

	2011 RMB'000	2010 RMB'000
Bank loans:		
Secured	—	10,000
	—	10,000
Other loans - unsecured	7,318	15,400
	7,318	25,400

Carrying amount repayable:

	2011 RMB'000	2010 RMB'000
Within one year	7,318	17,000
More than one year, but not exceeding two years	—	8,400
	7,318	25,400
Less: Amount due within one year shown under current liabilities	(7,318)	(17,000)
	—	8,400

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

	2011 RMB'000	2010 RMB'000
Variable-rate borrowings		
Within one year	7,318	17,000
More than one year, but not exceeding two years	—	8,400
	7,318	25,400

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

	2011	2010
Effective interest rate:		
Variable-rate borrowings	**5.400% - 6.391%**	5.400% - 6.391%

The Group's borrowings are denominated in Renminbi.

As at 31 December 2011, there were no bank loans secured by the Group's assets. As at 31 December 2010, the bank loans of RMB10,000,000 were secured by certain leasehold land, buildings, plant and machinery with a net book value of RMB8,059,000 (Notes 19 and 20).

As at 31 December 2011, the other loans of RMB7,318,000 (2010: RMB15,400,000) borrowed from a former minority shareholder of a subsidiary will be fully repayable in 2012.

14 LITIGATIONS

Legal claim from Shanghai Fudan Microelectronic Corporation Limited（上海復旦微電子股份有限公司）

On 28 December 2010, a legal claim action was taken by Shanghai Fudan Microelectronic Corporation Limited（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 approximately RMB4,000,000 relating to the purchase of goods.

On 21 January 2011, a settlement agreement was issued by Guangdong Province Shenzhen City Fu Tian District People's Court（廣東省深圳市福田區人民法院）. The Company and Sihui agreed to pay an amount of approximately RMB 3,600,000 to Shanghai Fudan Microelectronic Corporation Limited（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. However, this debt has still not been settled up to the reporting date.

The amount involved in the above litigation 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 2011.

15 CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2011 and 2010.

INDEPENDENT AUDITOR'S REPORT

We have audited the consolidated financial statements of Shenzhen Mingwah Aohan High Technology Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 84, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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 2011 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 2011, the Group had significant accumulated losses of approximately RMB72,902,000. This condition indicates the existence of 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 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 2011, the Group recorded a turnover of approximately RMB56,470,000, representing a decrease of approximately 43% as compared with the turnover of approximately RMB99,130,000 in the previous year. Such decrease was mainly due to the keen competition which caused a sharp decrease in demand for the card products.

The gross profit of the Group for the year ended 31 December 2011 amounted to approximately RMB7,598,000, with a decrease of approximately 61.0% as compared with the gross profit of approximately RMB19,538,000 in the previous year, and its percentage of gross profit for the year dropped from 19.7% to 13.5% as compared with last year. The underlying reason of such decrease is mainly attributable to the keen competition for the prices of card products and the increased wages and factory overhead. Other gains and losses of approximately RMB14,298,000 for the year ended 31 December 2011 mainly included the gain on disposal of property, plant and equipment of approximately RMB10,762,000 and prepaid lease payments of approximately RMB6,767,000, and impairment loss on inventories of RMB2,145,000.

For the year ended 31 December 2011, the Group's general and administrative expenses was increased by approximately RMB2,524,000 or approximately 22.6% to approximately RMB13,670,000 as compared with last year. The increase was mainly due to increased salaries and inflation. In comparing with the same in 2010, the distribution and selling expenses was increased by approximately 49.5% from approximately RMB4,226,000 to approximately RMB6,320,000 for the year ended 31 December 2011. The increase was mainly due to increased transportation cost and salaries. The finance cost decreased 76.3% to approximately RMB636,000 as compared to approximately RMB2,682,000 for the previous year, which was mainly due to the repayment of borrowings made during the year.

For the year ended 31 December 2011, profit attributable to owners of the Company was approximately RMB1,119,000 as compared to a profit of approximately RMB1,416,000 in 2010, a decrease of 21%.

For the year ended 31 December 2011, the Group had equity attributable to owners of the Company of approximately RMB5,604,000 (2010: RMB4,485,000), bank balances and cash of approximately RMB2,612,000 (2010: RMB4,188,000), current assets of approximately RMB46,242,000 (2010: RMB68,581,000) and current liabilities of approximately RMB46,065,000 (2010: RMB71,678,000). The Group's current ratio (total current assets over total current liabilities) was approximately 1 (2010: 0.96) as at 31 December 2011.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Net current assets

As at 31 December 2011, the Group had net current assets of approximately RMB177,000. Current assets as at 31 December 2011 comprised inventories of approximately RMB5,527,000, trade receivables of approximately RMB26,991,000, other receivables of approximately RMB11,112,000 and bank balances and cash of approximately RMB2,612,000. Current liabilities as at 31 December 2011 comprised trade and other payables of approximately RMB32,349,000, amount due to a director of RMB48,000, tax liabilities of approximately RMB6,350,000 and short-term borrowings of approximately RMB7,318,000.

Gearing ratio

The Group's gearing ratios were approximately 77% and 395% as at 31 December 2011 and 31 December 2010 respectively. The calculation of the gearing ratios was shown in note 6 to the consolidated financial statements.

Capital commitments

As at 31 December 2011, the Group had no outstanding capital commitments (2010: RMB786,000).

Financial resources

As at 31 December 2011, the Group had bank balances and cash of approximately RMB2,612,000. 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 29 to the consolidated financial statements.

MATERIAL ACQUISITIONS OR DISPOSALS

Due to the low productivity of the factory owned by a subsidiary, Sihui Mingwah Aohan High Technology Co., Limited, the Group disposed of its certain property, plant and equipment and prepaid lease payments at a total consideration of approximately RMB30,449,000 with a disposal gain of approximately RMB17,529,000 in total. Except for this disposal, the Group had no other material acquisitions or disposals during the year ended 31 December 2011.

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 2011, the Group had 310 full time employees, comprising 48 in administration and finance, 28 in research and development and customer services, 51 in sales, 160 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 2011.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2011, there were no assets pledged as collateral for the Group's borrowings. As at 31 December 2010, the assets with a total net book value of approximately RMB8,059,000 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 2011.

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.

LITIGATIONS

There was a litigation against the Group and the details of which were stated in note 37 to the consolidated financial statements.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2011 (2010: Nil).

DISCLOSURES OF INTEREST

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

As at 31 December 2011, 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 2011.

2. **Substantial Shareholders**

So far as the Directors are aware, as at 31 December 2011, no persons or companies (not being a Director, supervisor 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.

DIRECTORS' AND SUPERVISORS' RIGHT TO ACQUIRE H SHARES

As at 31 December 2011, 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 2011, 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 2011.

CONNECTED AND RELATED PARTY TRANSACTIONS

Save as disclosed in note 36 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 2011, 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

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 2011 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

The Chairman of the Board is Mr. Li Qi Ming while the Chief Executive Officer ("CEO") is Mr. Guo Fan. There is a clear division of responsibilities between the Chairman and the CEO, in that the Chairman bears primary responsibility for the working of the Board, by ensuring its effective function, while the CEO bears executive responsibility for the Company's business, including management of the Company's day-to-day operations and implementation of key policies, procedures and business strategies approved by the Board.

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 2011.

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 2011.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive directors serve the important function of advising the management on strategy development and ensue that the Board maintains high standards of financial and other mandatory reporting as well as providing adequate checks and balances for safeguarding interests of shareholders and the Company as a whole.

AUDITORS' REMUNERATION

The annual audit service fee for the year ended 31 December 2011 payable to the Company's auditor, Messrs. KTC Partners CPA Limited is approximately RMB536,000. There was no 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 2011.

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 2011, which were attended by the members as noted on page 19 of the Annual Report. The Group's 2011 first and third quarterly reports, 2011 half-yearly report and 2010 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 2011 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 2011, 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 2012

* *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.