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 2015

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-to-date 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") are pleased to announce the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015 together with last year's comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** **RMB'000**	2014 RMB'000
Revenue	*4*	**26,308**	25,708
Cost of sales		**(12,418)**	(21,519)
Gross profit		**13,890**	4,189
Other income	*4*	**1,647**	454
Other gains and losses	*6*	**1,162**	(248)
Distribution and selling expenses		**(1,771)**	(3,432)
General and administrative expenses		**(10,423)**	(6,571)
Finance costs	*7*	**(426)**	(480)
Profit (loss) before taxation		**4,079**	(6,088)
Income tax expense	*8*	**(3)**	(34)
Profit (loss) for the year		**4,076**	(6,122)
Other comprehensive expenses			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(220)**	(4)
Total comprehensive income (expense) for the year		**3,856**	(6,126)
Profit (loss) for the year attributable to:			
Owners of the Company		**4,039**	(6,002)
Non-controlling interests		**37**	(120)
		4,076	(6,122)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**3,819**	(6,006)
Non-controlling interests		**37**	(120)
		3,856	(6,126)
Earning (loss) per share			
Basic and diluted (RMB' cents)	*10*	**0.78**	(1.15)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	*11*	**478**	614
Current assets			
Inventories		**195**	196
Trade and other receivables	*12*	**8,378**	7,758
Bank balances and cash		**9,914**	1,659
		18,487	9,613
Current liabilities			
Trade and other payables	*13*	**32,134**	36,037
Amounts due to directors		**8,795**	4
Income tax payable		**3**	9
Loan from a former minority shareholder	*14*	**6,853**	6,853
Provision for claims	*15(b)*	**22,704**	22,704
		70,489	65,607
Net current liabilities		**(52,002)**	(55,994)
Net liabilities		**(51,524)**	(55,380)
Capital and reserves			
Share capital		**52,000**	52,000
Reserves		**(102,982)**	(106,801)
Equity attributable to owners of the Company		**(50,982)**	(54,801)
Non-controlling interests		**(542)**	(579)
Capital deficiency		**(51,524)**	(55,380)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company								
	Share capital	**Share premium**	**Statutory surplus reserve**	**Statutory public welfare fund**	**Translation reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Note (a))	*(Note (b))*	*(Note (c))*				
At 1 January 2014	52,000	17,574	5,954	2,978	9	(127,310)	(48,795)	(459)	(49,254)
Total comprehensive expense for the year	—	—	—	—	(4)	(6,002)	(6,006)	(120)	(6,126)
At 31 December 2014	52,000	17,574	5,954	2,978	5	(133,312)	(54,801)	(579)	(55,380)
Total comprehensive income (expense) for the year	—	—	—	—	(220)	4,039	3,819	37	3,856
At 31 December 2015	**52,000**	**17,574**	**5,954**	**2,978**	**(215)**	**(129,273)**	**(50,982)**	**(542)**	**(51,524)**

1. GENERAL

Shenzhen Mingwah Aohan High Technology Corporation Limited (the "Company") was incorporated as a joint stock company with limited liability in the People's Republic of China (the "PRC") and its H shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The consolidated financial statements are presented in Renminbi ("RMB") which is the same as the functional currency of the Company.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the design, development and trading of IC cards, magnetic cards and related equipment and application systems in the PRC.

2. BASIS OF PREPARATION — GOING CONCERN BASIS

At 31 December 2015 the Group had net current liabilities of approximately RMB52,002,000 and capital deficiency of approximately RMB51,524,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liability in the normal course of business. Nevertheless, the Directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from the date of approval of these consolidated financial statements on the basis that:

(i) the Directors of the Company will anticipate that the Group will generate positive cash flows from its future operations;

(ii) two major shareholders of the Company have committed to provide continuing support to enable the Group to operate as a going concern and meet its liabilities as they fall due in the foreseeable future;

(iii) The Group has obtained funds by way of issuing additional equity of approximately RMB82,320,000 as stated in Note 17; and

(iv) the Company has obtained a loan facility agreement for an amount of HK$20,000,000 (equivalent to approximately RMB16,400,000) with a new major shareholder.

Accordingly, the Directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to the consolidated financial statements to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets as current assets. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of these amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current reporting period and prior years and/or on the disclosures set out in the consolidated financial statements.

New and revised HKFRSs in issue 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 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of interests in Joint Operations[4]
Amendments to HKAS 1	Disclosure initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exceptions[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

HKFRS 9 Financial Instruments

A final version of HKFRS 9 (that includes classification and measurement of financial assets and financial liabilities, impairment and general hedge accounting) was issued in 2014.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. 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 value at the end of subsequent accounting periods.

- An expected loss model (rather than an incurred loss model) has been adopted by HKFRS 9.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting.

The directors of the Company will assess the impact of the application of HKFRS 9. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 Revenue from contracts with customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the HKFRS 15 may have significant impact on amounts reported in the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Except for the above disclosed, the directors of the Company do not anticipate that the application of the new and revised HKFRSs will have a material impact on the Group's consolidated financial statements.

4. REVENUE AND OTHER INCOME

Revenue represents the gross invoiced value of goods sold, net of sales related taxes, returns and discounts, to outside customers.

An analysis of the Group's revenue for the year is as follows:

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Sales of cards products	**23,521**	22,931
Sales of non-cards products	**2,787**	2,777
	26,308	25,708
Other income		
Interest income	**13**	17
Value-added tax refund	**1,604**	413
Sundry income	**30**	24
	1,647	454
	27,955	26,162

5. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods sold or services delivered or provided.

Specifically, the Company's reportable segments under HKFRS 8 are as follows:

Card products — design, development and trading of IC and magnetic cards

Non-card products — design, development and trading of card related equipment and application systems

(a) Segment revenues and result

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

	Card products		Non-card products		Eliminations		Total	
For the year ended	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
31 December	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue:								
Sales to external customers	**23,521**	22,931	**2,787**	2,777	**—**	—	**26,308**	25,708
Inter-segment sales	**4,956**	11,953	**—**	—	**(4,956)**	(11,953)	**—**	—
Total	**28,477**	34,884	**2,787**	2,777	**(4,956)**	(11,953)	**26,308**	25,708
Segment results	**5,847**	(3,944)	**252**	(189)	**—**	—	**6,099**	(4,133)
Unallocated corporate income							**46**	17
Unallocated corporate expense							**(1,640)**	(1,492)
Finance costs							**(426)**	(480)
Profit (loss) before taxation							**4,079**	(6,088)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4 to the consolidated financial statements. Segment results represents the results of each segment without allocation of interest income, central administration costs, directors' remuneration, finance costs, part of provision for claims and income tax expense. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and performance assessment.

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

(b) Segment assets and liabilities

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

At 31 December	**Card products**		**Non-card products**		**Total**	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Assets						
Segment assets	**8,483**	8,044	**568**	524	**9,051**	8,568
Unallocated assets					**9,914**	1,659
Total assets					**18,965**	10,227
Liabilities						
Segment liabilities	**29,382**	33,446	**1,665**	1,930	**31,047**	35,376
Unallocated liabilities					**39,442**	30,231
Total liabilities					**70,489**	65,607

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

- all assets are allocated to operating segments other than bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all liabilities are allocated to operating segments other than amounts due to directors, loan from a former minority shareholder, income tax payable, part of accrued interest and part of provision for claims which is not related to segment. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(c) Other segment information

For the year ended 31 December	Card products 2015 RMB'000	Card products 2014 RMB'000	Non-card products 2015 RMB'000	Non-card products 2014 RMB'000	Unallocated 2015 RMB'000	Unallocated 2014 RMB'000	Total 2015 RMB'000	Total 2014 RMB'000
Amount included in the measure of segment profit or loss or segment assets:								
Additions to non-current assets (Note)	**19**	5	**—**	—	**—**	—	**19**	5
Depreciation for property, plant and equipment	**143**	1,345	**12**	69	**—**	—	**155**	1,414
Reversal of impairment loss on trade and other receivables	**(702)**	—	**—**	—	**(3)**	—	**(705)**	—
Impairment loss on trade and other receivables	**300**	248	**—**	—	**—**	—	**300**	248
Gain on settlement of debts	**(757)**	—	**—**	—	**—**	—	**(757)**	—

Note: Non-current assets included property, plant and equipment.

(d) Geographical information

For the two years ended 31 December 2015, all of the Group's revenue and assets were derived from customers and operations based in the PRC (country of domicile) and accordingly, no further analysis of the Group's geographical information is disclosed.

(e) Information about major customers

Revenue from customers of the corresponding year contributing to over 10% of the total revenue of the Group are as follows:

	2015 *RMB'000*	2014 *RMB'000*
Customer A	**6,026**	N/A*
Customer B	**N/A***	5,124
Customer C	**2,887**	4,639

* *The corresponding revenue do not contribute to over 10% of the total revenue of the Group in the respective year.*

6. OTHER GAINS AND LOSSES

	2015	2014
	RMB'000	*RMB'000*
Reversal of impairment loss on trade and other receivables	**705**	—
Impairment loss on trade and other receivables	**(300)**	(248)
Gain on settlement of debts *(Note 15a)*	**757**	—
	1,162	(248)

7. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest on borrowings wholly repayable within five years	**426**	480
	426	480

8. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("EIT")		
— Current	**3**	34
	3	34

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 its PRC subsidiaries were subject to EIT at rate of 25% (2014: 25%).

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2015 and 2014 as the Group's income neither arise in, nor is derived from Hong Kong.

9. DIVIDEND

No dividend was paid, declared or proposed during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: Nil).

10. EARNING (LOSS) PER SHARE

The calculation of basic earning (loss) per share is based on the profit for the year attributable to owners of the Company of approximately RMB4,039,000 (2014: loss of RMB6,002,000) and the weighted average number of ordinary shares in issue of approximately 520,000,000 shares (2014: 520,000,000) during the year.

The diluted earning per share is the same as the basic earning per share as there were no dilutive potential ordinary shares for the years ended 31 December 2015 and 31 December 2014.

11. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	**Leasehold improvement, furniture, fixtures and equipment**	**Motor vehicles**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At 1 January 2014	8,529	5,837	889	15,255
Additions	—	5	—	5
Written off	—	(250)	—	(250)
At 31 December 2014	8,529	5,592	889	15,010
Additions	—	19	—	19
At 31 December 2015	8,529	5,611	889	15,029
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2014	8,518	3,912	802	13,232
Provided for the year	—	1,390	24	1,414
Eliminated on written off	—	(250)	—	(250)
At 31 December 2014	8,518	5,052	826	14,396
Provided for the year	—	155	—	155
At 31 December 2015	8,518	5,207	826	14,551
CARRYING VALUES				
At 31 December 2015	**11**	**404**	**63**	**478**
At 31 December 2014	11	540	63	614

(a) The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives less their residual values as follows:

	Estimated useful lives	**Residual value on cost**
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%

12. TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**23,028**	20,541
Less: Impairment loss recognised	**(17,800)**	(18,202)
	5,228	2,339
Prepayments, deposits and other receivables	**3,295**	5,721
Less: Impairment loss recognised	**(145)**	(302)
	3,150	5,419
	8,378	7,758

(i) The Group allows an average credit period of 15–180 days (2014: 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.

(ii) An aging analysis of trade receivables, net of impairment loss recognised, presented based on transaction date is as follows:

	2015	2014
	RMB'000	*RMB'000*
1 to 90 days	**3,706**	1,824
91 to 180 days	**932**	189
181 to 365 days	**483**	219
Over 365 days	**107**	107
	5,228	2,339

(iii) Aging analysis of trade receivables which were past due but not impaired are as follows:

			Past due but not impaired		
	Total	**Neither past due nor impaired**	**Less than 180 days**	**181 to 365 days**	**More than 365 days**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2015	**5,228**	**3,706**	**1,310**	**105**	**107**
At 31 December 2014	2,339	1,884	189	159	107

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.

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately RMB1,522,000 (2014: RMB455,000) 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.

(iv) Movements in the impairment losses recognised in respect of trade receivables are as follows:

	2015	2014
	RMB'000	*RMB'000*
At the beginning of the year	**18,202**	17,954
Impairment loss for the year	**300**	248
Reversal of previously impaired	**(702)**	—
At the end of the year	**17,800**	18,202

(v) Movements in the impairment losses recognised in respect of other receivables are as follows:

	2015	2014
	RMB'000	*RMB'000*
At the beginning of the year	**302**	302
Reversal of previously impaired	**(3)**	—
Written off as uncollectible	**(154)**	—
At the end of the year	**145**	302

13. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**8,389**	10,745
Accrued expenses and other payables	**8,918**	10,101
Accrued interest	**4,899**	4,473
Value-added tax payable	**9,928**	10,718
	32,134	36,037

(i) The average credit period on purchases of goods is 90–180 days (2014: 90–180 days). The Group has in place financial risk management policies in place to ensure that all payables are settled within the credit time frame.

(ii) An aging analysis of the trade payables at the end of the reporting period based on transaction date is as follows:

	2015	2014
	RMB'000	*RMB'000*
0–60 days	**2,100**	3,443
61–90 days	**44**	—
91–365 days	**—**	9
Over 365 days	**6,245**	7,293
	8,389	10,745

(iii) Included in accrued expenses and other payables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2015	2014
	RMB'000	*RMB'000*
HKD	**1,389**	2,835

14. LOAN FROM A FORMER MINORITY SHAREHOLDER

The loan is unsecured, carries interest at the three years base lending rate published by the Industrial and Commercial Bank of China. The loan was due in 2014, but the Group defaulted in payment of the debt. The Company has commenced a negotiation with the lender and the Directors of the Company are confident that their negotiations with the lender will ultimately reach a successful conclusion. The Directors believe that adequate sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

15. LITIGATIONS

(a) Litigation

On 28 December 2010, a legal claim action was taken by Shanghai Fudan Electronic Corporation Limited (上海復旦微電子股份有限公司) ("Shanghai Fudan") against the Company and Sihui Mingwah Aohan High Technology Co., Limited ("Sihui") for the default in payment for the purchase of goods of approximately RMB4,000,000 with accrued interest.

On 21 January 2011, a settlement agreement was issued by Guangdong Provincial 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 RMB3,638,000 to Shanghai Fudan on or before 20 July 2011 as a full settlement of debt. However, the amount was not settled by the stipulated date and Shanghai Fudan has further taken legal action for the claim together with accrued interest of approximately RMB119,000 against the Company on 7 February 2012. In February 2016, a settlement agreement was made and the Group paid RMB3,000,000 to Shanghai Fudan as a full and final settlement of the debt and the case was then closed upon settlement. The Company recognised a gain of approximately RMB757,000 for the year ended 31 December 2015 (Note 6).

(b) Provision for claims

	RMB'000
At 1 January 2014, 31 December 2014 and 31 December 2015	22,704

(i) Reference is made to the Company's announcement dated 20 January 2014 that the Group received a civil judgement (2012) Shen Zhong Fa Shan Chu Zi No.7 (深中法商初字第7號) ("Judgement") issued by Intermediate People's Court of Shenzhen City Guangdong Province (廣東省深圳市中級人民法院) dated 18 December 2013 for a claim lodged by Gong Ting (龔挺) relating to a disputed debt transfer agreement against the Company, Li Qi Ming (the chairman of the Company), Sihui and Guo Fan (a former chief executive officer of the Company).

According to the summary of the Judgement, (i) the Group shall repay Gong Ting the debt of approximately RMB16,579,000 together with the accrued interest of approximately RMB2,429,000, and (ii) Li Qi Ming has joint responsibility for the repayment of the above said amount for the Company. The Group was not satisfied with the Judgement, and in August 2014, the Group made an appeal to Guangdong Provincial Higher People's Court (廣東省高級人民法院). However, the previous ruling was upheld. A provision for claim of approximately RMB19,008,000 was made during the year ended 31 December 2013.

(ii) Reference is made to the Company's announcement dated 15 April 2014 relating to an arbitration in Beijing initiated by Wenzhou Fuguo Bio-Technology Limited (溫州富國生物科技有限公司) ("Wenzhou Fuguo") relating to a transaction of sales of goods from the Company in 2011.

On 17 June 2014, an arbitral award was issued in favour of Wenzhou Fuguo and pursuant to which the Group shall pay Wenzhou Fuguo for a sum of RMB3,300,000 together with the accrued interest of RMB396,000. A provision for claim of approximately RMB3,696,000 for was made during the year ended 31 December 2013.

16. RELATED PARTY AND CONTINUING CONNECTED TRANSACTIONS

(a) In addition to related party balances detailed in the consolidated financial statements and Note 25 to the consolidated financial statements, the Group entered into the following transactions with related party during the year, some of which are also deemed to be connected parties pursuant to the Listing Rules:

		Transaction amount		**Balance owed**	
		2015	2014	**2015**	2014
Name of related party	**Nature of transactions**	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Shenzhen Mingwah Aohan Smart Card Corporation Ltd. (深圳市明華澳漢智能卡有限公司)	Sales of goods	**1,127**	137	**2,193**	1,047
	Purchases of goods	**824**	8,020		

The Directors of the Company considered Shenzhen Mingwah Aohan Smart Card Corporation Ltd. ("Shenzhen Smart Card") is a related party of the Group as Mr. Li Xiang, the supervisor of the Company, has beneficial interest in Shenzhen Smart Card. The transactions are carried out at terms agreed by both parties.

The above balance owed from related party is included in trade and other receivables. The Group has not made any provision for bad and doubtful debts in respect of related party debtor during 2015 or 2014 regarding related party transactions.

(b) Key management compensation

The key management personnel of the Group comprises all the Directors of the Company and the five highest paid individuals.

17. EVENTS AFTER THE REPORTING PERIOD

On 30 October 2015, the Company entered into three separate conditional Subscription Agreements with three Subscribers respectively. Pursuant to the Subscription Agreements, the Subscribers have individually and conditionally agreed to subscribe and the Company has conditionally agreed to allot and issue 280,000,000 domestic shares in aggregate to the Subscribers at the Subscription Price of RMB0.30 (equivalent to approximately HK$0.37) per subscription share. The Subscription Agreements are not conditional upon each other.

The subscriptions were approved by the Shareholders at the Extraordinary General Meeting and the Class Meetings by a special resolution on 28 January 2016. On 3 February 2016, the Subscribers fulfilled all the conditions precedent under the subscription agreements and accordingly the subscriptions were completed. The estimated net proceeds of approximately RMB82,320,000 after deduction of estimated introduction fee of approximately RMB1,680,000, will be mainly used to pay off the Group's debts and finance its working capital. Details of the Completion of conditional subscription of new domestic shares are set out in the Company's announcement dated 3 February 2016.

MANAGEMENT DISCUSSION AND ANALYSES

Business and Operations Review

In 2015, with the financial support from our two major shareholders, the financial situation of the Company has been greatly improved. The Company intends to increase its customer base to media and entertainment industry, internet finance industry and precision instrument industry. As at 31 December 2015, the Company had already entered into two new contracts for its application system with two new customers, one from the internet finance industry and the other from the precision instrument industry, which caused a growth in Company's sales.

The Group's business development was in line with its established goals; that is, to be the leader in the PRC's card industry and terminal system industry, turn M&W into a renowned brand in the PRC's smart card industry and terminal system industry with emphasis on the development of new COS software and hardware products.

1. *Adjustment of Key Sales Strategies*

   As the Group's general memory card business faced intense price competition, the Group has focused on products such as CPU Card and eKey. eKey, the Group's high-end encrypted information security product, has secured a larger market share and greater strengths over its competitiveness in such markets.

   The Group has expanded the COS software and hardware systems relating to identity card security certification. The Company expects that market for CPU smart cards would grow rapidly for people who are putting more emphasis on the security of private data. With mature application system for card products, the Company plans to gradually change its business focus from the supply of traditional IC Card products to the supply of CPU smart card products.

   The Company expects that the mature data encryption technology developed by the Company would have wide application to internet finance industry, media and entertainment industry and precision instrument industry which require high standard of security. The Company has an edge in product security and data encryption technology, which enables the CPU smart cards and software products of the Company to be competitive in these industries.

2. *Research and Development and Technical Support*

   We continued to proceed with the R&D of high-end products such as eKey, the Smart Card Operating System (SCOS) and Radio Frequency Identification (RFID) electronic label system. The SCOS has been upgraded to meet the changing needs of industrial applications and development of platforms for new chips.

   The Group will also develop the second generation of software and hardware of eKey and upgrade the functionality of COS software and hardware products.

Based on years of accumulation of encryption technology, the Group provides personalized products, research and development and technical support to different corporate customers.

3. *External Cooperation*

We strengthened the integration of identity card certification systems in which we acted as an agent and fully leveraged the Company's brand and sales network to expand the market.

We will strengthen the market development of the COS software and hardware products, and distribute our products to different fields through agency sales mode. We can at the same time get in touch with customers from different areas via the agency sales mode and provide personalized products, research and development and technical support based on the encryption technology.

Financial Review

For the year ended 31 December 2015, the Group recorded a revenue of approximately RMB26,308,000, representing an increase of approximately 2.33% as compared with the revenue of approximately RMB25,708,000 in the previous year. Such increase was mainly due to the financial situation of the Company has been greatly improved because of the financial support from our two major shareholders, the Company's mature technology, and the new business plan in targeting the internet finance industry and precision instrument industry.

The gross profit of the Group for the year ended 31 December 2015 amounted to approximately RMB13,890,000, with an increase of approximately 231.6% as compared with the gross profit of approximately RMB4,189,000 in the previous year, and its percentage of gross profit for the year increased from 16.29% to 52.80% as compared with last year. The increase was mainly attributable to the increase in the sales of COS software products which were with higher profit margin.

Other gains and losses amounted to approximately RMB1,162,000 (2014: (RMB248,000)) for the year ended 31 December 2015, representing an increase in gain of approximately RMB1,410,000 compared with last year. The increase was mainly due to increase of net reversal of impairment loss on trade and other receivables by approximately RMB653,000 and gain on settlement of debts of approximately RMB757,000 during the year.

Distribution and selling expenses decreased by approximately 48.4% from approximately RMB3,432,000 to approximately RMB1,771,000 for the year ended 31 December 2015. The decrease was mainly due to the decrease in depreciation expense.

For the year ended 31 December 2015, the Group's general and administrative expenses increased by approximately 58.6% from approximately RMB6,571,000 to approximately RMB10,423,000 as compared with last year. The increase was mainly due to increase in professional fees, in which certain portion was incurred in the process of application for resumption of trading of the Company's shares in the Stock Exchange.

The finance cost decreased by 11.3% to approximately RMB426,000 as compared to approximately RMB480,000 in the previous year, because the interest rate for the interest charge on the loan from a former minority shareholder decreased as compared with last year.

During the year, the income tax expense amounted to approximately RMB3,000 (2014: RMB34,000).

For the year ended 31 December 2015, profit attributable to owners of the Company was approximately RMB4,039,000 as compared to a loss of approximately RMB6,002,000 in 2014. The improvement was mainly attributable to increase in gross profit in the year.

Liquidity, Financial Resources and Capital Structure

Financial position

At 31 December 2015, the Group had net current liabilities of approximately RMB52,002,000 (2014: RMB55,994,000), representing a decrease of RMB3,992,000 compared with last year. The decrease was mainly attributable to the decrease in trade and other payables by approximately RMB3,903,000. Taking into account the basis as set out in note 2 to the consolidated financial statements, the Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the foreseeable future.

Current assets as at 31 December 2015 comprised inventories of approximately RMB195,000 (2014: RMB196,000), trade receivables of approximately RMB5,228,000 (2014: RMB2,339,000), other receivables of approximately RMB3,150,000 (2014: RMB5,419,000) and bank balances and cash of approximately RMB9,914,000 (2014: RMB1,659,000).

Current liabilities as at 31 December 2015 comprised trade and other payables of approximately RMB32,134,000 (2014: RMB36,037,000), amounts due to directors of approximately RMB8,795,000 (2014: RMB4,000), income tax payable of approximately RMB3,000 (2014: RMB9,000), loan from a former minority shareholder of approximately RMB6,853,000 (2014: RMB6,853,000) and provision for claims of approximately RMB22,704,000 (2014: RMB22,704,000).

Gearing ratio

As the Group had a net deficiency in capital at 31 December 2015 and 2014, the Group's gearing ratio as at that dates was not applicable.

Capital commitments

At 31 December 2015, the Group had no outstanding capital commitments (2014: Nil).

Financial resources

At 31 December 2015, the Group had bank balances and cash of approximately RMB9,914,000. 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 share capital of the Company are set out in note 28 to the consolidated financial statements.

Material Acquisitions or Disposals

The Group had no material acquisitions or disposals during the year ended 31 December 2015.

Segmental Information

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

Employees and Remuneration Policy

At 31 December 2015, the Group had 45 full time employees, comprising 17 in administration and finance, 13 in research and development and customer services, 13 in sales, 1 in purchase, and 1 in quality control.

The Company had to take continuing control of the workforce to reduce expenses due to the gradual mature of traditional business technology and the competitive market.

Nevertheless, the Company lost some skilled talents due to the decline in our business. However, the Group still attaches great importance to our employees, because our employees is the most precious assets of the Group in developing its traditional business and open up to new business and also the foundation of future development of the Group. The Group will provide our employees with the training courses related to personal development and practical work as much as possible allowed by its own condition, which encourage them to further enrich themselves and work together to build team spirit and raise morale. The Group will reward employees according to the Company's results, as well as their business performance and the contribution to the Company through their personal performance.

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

Charges on the Group's Assets

At 31 December 2015, there were no assets pledged as collateral for the Group's borrowings (2014: Nil).

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 2015.

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

Details of the litigation are stated in Note 15.

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2015 (2014: Nil).

DISCLOSURES OF INTEREST

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

As at 31 December 2015, 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 (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors referred to in Rule 5.46 of the GEM Listing Rules (the "Required Standard of Dealings") 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	172,640,000 domestic shares	53.98%	33.20%
Ms. Hou Qian	Beneficial owner	58,240,000 domestic shares	18.21%	11.20%

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 2015.

Notes:

1. The Company has been informed by Ms. Hou Qian, an executive Director of the Company, on 24 August 2015 that she had completed the acquisition (the "Acquisition") of 58,240,000 domestic shares of the Company. After the Acquisition, Ms. Hou Qian is interested in 58,240,000 domestic shares of the Company, representing approximately 18.21% of the total issued domestic shares of the Company as at the date hereof.

2. The Company has been informed by Mr. Li Qi Ming, an executive Director of the Company, on 24 August 2015 that he had disposed of (the "Disposal") 57,200,000 domestic shares of the Company. After the Disposal, Mr. Li Qi Ming is interested in 172,640,000 domestic shares of the Company, representing approximately 53.98 % of the total issued domestic shares of the Company as at the date hereof.

2. Substantial Shareholders

So far as the Directors are aware, as at 31 December 2015, the 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 are listed as follows:

Name of substantial shareholder	Capacity	Number and class of securities	Approximate percentage of shares in the same class	Approximate percentage of total registered share capital
Princeps MB Asset Management Corp.	Beneficial owner	11,416,000 H shares	5.70%	2.20%
Shenzhen Gangao Huijin Investment Company Limited	Beneficial owner	33,800,000 domestic shares	10.57%	6.50%
Mr. Guo Fan	Beneficial owner	31,460,000 domestic shares	9.84%	6.05%

On 30 October 2015, the Company entered into three separate conditional Subscription Agreements with three Subscribers respectively. Pursuant to the Subscription Agreements, the Subscribers have individually and conditionally agreed to subscribe and the Company has conditionally agreed to allot and issue 280,000,000 domestic shares in aggregate to the Subscribers at the Subscription Price of RMB0.30 (equivalent to approximately HK$0.37) per subscription share. The Subscription Agreements are not conditional upon each other.

The subscriptions were approved by the Shareholders at the Extraordinary General Meeting and the Class Meetings by a special resolution on 28 January 2016. On 3 February 2016, the Subscribers fulfilled all the conditions precedent under the subscription agreements and accordingly the subscriptions were completed. The estimated net proceeds of approximately RMB82,320,000 after deduction of estimated introduction fee of approximately RMB1,680,000, will be mainly used to pay off the Group's debts and finance its working capital. Details of the Completion of conditional subscription of new domestic shares are set out in the Company's announcement dated 3 February 2016.

DIRECTORS' AND SUPERVISORS' RIGHT TO ACQUIRE H SHARES

As at 31 December 2015, 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 2015, 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 2015.

RELATED PARTY AND CONTINUING CONNECTED TRANSACTIONS

Details of related party and continuing connected transactions of the Group, are set out in Note 16.

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.

DIRECTOR'S SECURITIES TRANSACTIONS

The Board has adopted the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules (the "GEM Listing Rules"). Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also the intent of the regulations to enhance corporate performance and accountability.

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.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are set out in Note 17.

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the "Board") and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

The Board has adopted the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules (the "GEM Listing Rules"). Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also the intent of the regulations to enhance corporate performance and accountability.

The Board is pleased to report compliance with the code provisions of the CG Code throughout the year ended 31 December 2015 except for the following deviations:

(i) Prior to the appointment of Mr. Liu Guo Fei as the Group's chief executive officer, the function of chairman and chief executive officer of the Group rested on the same individual as detailed in Chairman and the Chief Executive Officer below.

    On 28 October 2015, Mr. Liu Guo Fei was appointed as the Group's chief executive officer. Thereafter the Company has complied with the CG Code.

(ii) On 15 December 2015, the Company arranged a Directors and Officers Liability Insurance (the "Insurance Arrangement") coverage on the directors' and officers' liabilities in respect of any legal actions against the directors and senior management arising out of corporate activities during the year. Prior to the Insurance Arrangement, the Company had no such type of insurance coverage.

NON-COMPLIANCE WITH THE GEM LISTING RULES

(i) The Company was not able to timely comply with the financial reporting provisions under the GEM Listing Rules in (i) announcing the annual results for the financial years ended 31 December 2013 and 2014 and the first and third quarterly results for 2014 and 2015, and the interim results for 2014 and 2015 and (ii) publishing the related annual reports, and quarterly and interim reports for 2014 and 2015. Annual results for the year ended 31 December 2013, first and third quarterly results for 2014, and interim result for 2014 were announced on 28 October 2015. Annual results of the year ended 31 December 2014, first and third quarterly results for 2015, and interim result for 2015 were announced on 1 December 2015.

(ii) The Company did not make timely disclosure of and seek independent shareholders' approval for the continuing connected transactions for the financial years ended 31 December 2012, 2013 and 2014 as well as the period from 1 January 2015 to 30 September 2015 as detailed in the Company's announcement dated 14 October 2015, which constitutes a non-compliance of the GEM Listing Rules under Chapter 20. An extraordinary general meeting will be held in June 2016 to rectify the continuing connected transactions. The Company will make further announcement(s) in due course.

(iii) Reference is made to Note 15(b) in relation to several litigations of the Group, the status of which had not been properly updated as required by the GEM Listing Rules.

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 2015 were audited by Messrs. KTC Partners CPA Limited ("KTC"). A resolution for the re-appointment 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

Prior to the appointment of Mr. Liu Guo Fei as the Group's chief executive officer on 28 October 2015, Mr. Li Qi Ming assumed the function 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 function of chairman and chief executive officer of the Group rests on the same individual which deviates from 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 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 facilitate open dialogue between the Board and the management.

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.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") currently comprises 3 independent non-executive directors, Mr. Gao Xiang Nong, Mr. Chen Hong Lei and Mr. Yu Xiuyang, who have reviewed the financial statements for the year ended 31 December 2015. Mr. Gao Xiang Nong is the chairman of the Audit Committee, who has appropriate professional qualifications and accounting and/or related financial management expertise. No member of the Audit Committee is a member of the former or existing auditor of the Company. The terms of reference of the Audit Committee are available at the Company's website and on the website of The Stock Exchange of Hong Kong Limited.

Our Audit Committee has primary responsibility for monitoring the quality of internal control and ensuring that the financial performance of the Company is properly measured and reported on, receiving and reviewing reports from management and the auditors relating to the annual and interim accounts, and monitoring the accounting and internal control system in use throughout the Group. The Board has not taken any different view from that of the Audit Committee regarding the selection, appointment or dismissal of external auditors.

At the meetings held during the year, in performing its duties in accordance with its terms of reference, the work performed by the Audit Committee included:

(a) review and supervise the financial reporting process and internal control system of the Company and its subsidiaries;

(b) recommendation to the Board, for the approval by shareholders, of the re-appointment of KTC as the external Auditor and approval of their remuneration;

(c) determination of the nature and scope of the audit; and

(d) review the financial statements for the relevant periods.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditors, KTC to the amounts set out in the Group's consolidated financial statements for the year. The work performed by KTC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KTC on the preliminary announcement.

INDEPENDENT AUDITOR'S REPORT

The following paragraphs are extracted from the report of the independent auditor of the Company, KTC, for the year ended 31 December 2015:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter in Relation to the Going Concern Basis for Preparation of Consolidated Financial Statements

Without qualifying our opinion, we draw attention that as at 31 December 2015 the Group had net current liabilities of approximately RMB52,002,000 and capital deficiency of RMB51,524,000. These conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (http://www.hkex.news.hk) and the Company's website (www.mwcard.com). The annual report of the Company for the Year will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

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

Shenzhen, the PRC, 30 March 2016

As at the date of this announcement, the executive directors of the Company are Mr. Li Qi Ming, Mr. Liu Guo Fei and Ms. Hou Qian; and the independent non-executive directors of the Company are Mr. Gao Xiang Nong, Mr. Chen Hong Lei and Mr. Yu Xiuyang.

This announcement will remain on the GEM website of http://www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting. The announcement will also be published on the Company's website of http://www.mwcard.com.

* *For identification purpose only*