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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 with limited liability)*

**(Stock Code: 8301)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of Shenzhen Mingwah Aohan High Technology Corporation Limited\* (深圳市明華澳漢科技股份有限公司) (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2020. This announcement, containing the full text of the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”), complies with the relevant content requirements of Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of the interim results. The Company’s 2020 Interim Report will be dispatched to the shareholders of the Company, and available for viewing on the “Latest Company Announcements” page on the GEM website at [www.hkgem.com](http://www.hkgem.com) and on the “Investor” page of the Company’s website at [www.mwcard.com](http://www.mwcard.com) in due course.

By Order of the Board

**Shenzhen Mingwah Aohan High Technology Corporation Limited**

**Zhang Tao**

*Chairman*

Shenzhen, the PRC, 14 August 2020

\* *For identification purposes only*

*As at the date of this announcement, the executive Directors are Mr. Zhang Tao, Mr. Lang Yu and Mr. Liu Jianfeng; the non-executive Director is Mr. Zhou Liang Hao; and the independent non-executive Directors are Mr. Yu Xiuyang, Mr. Wei Wei and Mr. Chan Chun Kit.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the website of the GEM of The Stock Exchange of Hong Kong Limited at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting.*

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

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

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*This report, for which the directors (the “Directors”) of Shenzhen Mingwah Aohan High Technology Corporation Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with 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, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## **BOARD OF DIRECTORS (THE “BOARD”)**

### **Executive Directors**

Mr. Zhang Tao (*Chairman*)

Mr. Lang Yu

Mr. Liu Jianfeng

### **Non-Executive Director**

Mr. Zhou Liang Hao

### **Independent Non-Executive Directors**

Mr. Yu Xiuyang

Mr. Lau Shu Yan (resigned on 9 April 2020)

Mr. Wei Wei

Mr. Chan Chun Kit (appointed on 6 August 2020)

### **Supervisors**

Mr. Zhou Jie

Mr. You Xiaohua

Ms. Huang Sanhuan

## **AUDIT COMMITTEE**

Mr. Chan Chun Kit (*Chairman*)

(appointed on 6 August 2020)

Mr. Lau Shu Yan (*Chairman*)

(resigned and ceased to be chairman  
on 9 April 2020)

Mr. Yu Xiuyang

Mr. Wei Wei (*Chairman*)

(appointed as chairman on 9 April 2020  
and re-designated to member on 6 August 2020)

## **NOMINATION COMMITTEE**

Mr. Lau Shu Yan (*Chairman*)

(resigned and ceased to be chairman  
on 9 April 2020)

Mr. Zhang Tao (*Chairman*)

(appointed as chairman on 9 April 2020)

Mr. Yu Xiuyang

Mr. Chan Chun Kit (appointed on 6 August 2020)

## **REMUNERATION COMMITTEE**

Mr. Yu Xiuyang (*Chairman*)

Mr. Lau Shu Yan (resigned on 9 April 2020)

Mr. Wei Wei

Mr. Chan Chun Kit (appointed on 6 August 2020)

## **CHIEF EXECUTIVE OFFICER**

Mr. Zhang Tao

## **COMPANY SECRETARY**

Ms. Leung Hoi Yan

## **COMPLIANCE OFFICER**

Mr. Zhang Tao

## **AUTHORIZED REPRESENTATIVES**

Ms. Leung Hoi Yan

Mr. Zhang Tao

## **AUDITOR**

KTC Partners CPA Limited

## **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC**

Room 5D, JINRUN BUILDING (金潤大廈)

SHEN NAN Avenue 6019

Futian District, Shenzhen

Guangdong Province

The People's Republic of China

Zip Code: 518000

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room 913, 9/F.

Woon Lee Commercial Building

7–9 Austin Avenue

Tsim Sha Tsui, Kowloon

Hong Kong

## **HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE**

Computershare Hong Kong Investor

Services Limited

Shops 1712–1716, 17<sup>th</sup> Floor, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

## **PRINCIPAL BANKERS**

China Minsheng Bank

Ping An Bank

## **COMPANY'S WEBSITE**

[www.mwcard.com](http://www.mwcard.com)

## **GEM STOCK CODE**

8301

## HIGHLIGHTS

- For the six months ended 30 June 2020, unaudited revenue was approximately RMB10,154,000, which represents a decrease of approximately of 58.2% as compared to that of the corresponding period in previous year. The loss attributable to owners of the Company for the six months ended 30 June 2020 was approximately RMB466,000 (2019: approximately RMB2,608,000).
- Loss per share of the Group was approximately RMB0.06 cents for the six months ended 30 June 2020.

**To all shareholders,**

The board of Directors (the "Board") is pleased to announce the unaudited condensed consolidated financial results of the Group for the three months and six months ended 30 June 2020 together with comparative figures for the corresponding period in 2019, as follows:

**THE FINANCIAL STATEMENTS****Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

*For the three months and six months ended 30 June 2020 and 30 June 2019*

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	4	204	22,534	10,154	24,273
Cost of sales		-	(18,497)	(9,500)	(19,537)
Gross profit		204	4,037	654	4,736
Other income		-	752	22	1,088
Distribution and selling expenses		(13)	(7)	(39)	(100)
General and administrative expenses		(937)	(5,002)	(2,346)	(8,064)
Gain on deregistration of a subsidiary	15	-	-	1,659	-
Reversal of impairment loss on other receivables		81	-	81	-
Finance cost		(401)	(112)	(450)	(262)
Share of result of joint ventures		-	(5)	-	(6)
Loss before taxation	6	(1,066)	(337)	(419)	(2,608)
Income tax expense	7	(9)	-	(47)	-
Loss for the period attributable to owners of the Company		(1,075)	(337)	(466)	(2,608)
Other comprehensive income for the period		(602)	(669)	(885)	(1,123)
Total comprehensive income for the period		(1,677)	(1,006)	(1,351)	(3,731)
Total comprehensive income for the period attributable to owners of the Company		(1,677)	(1,006)	(1,351)	(3,731)
Dividend	8	-	-	-	-
Loss per share					
- Basic (cents)	9	(0.13)	(0.04)	(0.06)	(0.33)
- Diluted (cents)	9	N/A	N/A	N/A	N/A

**Unaudited Condensed Consolidated Statement of Financial Position**

At 30 June 2020

	Notes	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		118	386
Right-of-use assets		647	797
Intangible assets		–	–
Interest in joint ventures		1	1
		<b>766</b>	1,184
<b>Current assets</b>			
Inventories		–	9,418
Trade receivables	10	12,503	22,845
Other receivables		17,154	30,981
Bank balances and cash		164	231
		<b>29,821</b>	63,475
<b>Current liabilities</b>			
Trade and other payables	11	37,630	61,808
Income tax payable		1,491	2,178
Lease liabilities		297	292
Other borrowings		8,192	15,556
Amounts due to shareholders		5,149	5,149
		<b>52,759</b>	84,983
<b>Net current liabilities</b>		<b>(22,938)</b>	(21,508)
<b>Total assets less current liabilities</b>		<b>(22,172)</b>	(20,324)
<b>Non-current liabilities</b>			
Lease liabilities		357	507
<b>Net liabilities</b>		<b>(22,529)</b>	(20,831)

## Unaudited Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2020

	Notes	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
<b>Capital and reserves</b>			
Share capital	12	80,000	80,000
Reserves		(102,529)	(101,178)
Equity attributable to owners of the Company		(22,529)	(21,178)
Non-controlling interests		–	347
<b>Capital deficiency</b>		<b>(22,529)</b>	(20,831)



## Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company								
	Share capital	Share premium	Statutory surplus reserve	Statutory public welfare fund	Translation reserve	Accumulated losses	Total	Non-controlling interest	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2019	80,000	71,974	5,040	2,411	(897)	(141,816)	16,712	347	17,059
Loss for the period	-	-	-	-	-	(2,608)	(2,608)	-	(2,608)
Other comprehensive loss for the period	-	-	-	-	(1,123)	-	(1,123)	-	(1,123)
At 30 June 2019	80,000	71,974	5,040	2,411	(2,020)	(144,424)	12,981	347	13,328
At 1 January 2020	<b>80,000</b>	<b>71,974</b>	<b>5,040</b>	<b>2,411</b>	<b>(1,360)</b>	<b>(179,243)</b>	<b>(21,178)</b>	<b>347</b>	<b>(20,831)</b>
Loss for the period	-	-	-	-	-	(466)	(466)	-	(466)
Other comprehensive loss for the period	-	-	-	-	(885)	-	(885)	-	(885)
Deregistration of a subsidiary (Note 15)	-	-	(321)	(160)	-	481	-	(347)	(347)
At 30 June 2020	<b>80,000</b>	<b>71,974</b>	<b>4,719</b>	<b>2,251</b>	<b>(2,245)</b>	<b>(179,228)</b>	<b>(22,529)</b>	<b>-</b>	<b>(22,529)</b>

## Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	7,664	(976)
Net cash generated from investing activities	228	1,065
Net cash (used in)/generated from financing activities	(7,959)	1,701
Net (decrease)/increase in cash and cash equivalents	(67)	1,790
Cash and cash equivalents at beginning of the period	231	1,678
Cash and cash equivalents at end of the period		
– represented by bank balances and cash	164	3,468

## Notes to the Condensed Financial Statements

*For the period ended 30 June 2020*

### 1. GENERAL

The Company was established and registered 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 GEM of the Stock Exchange.

The Group is principally engaged in (i) the sale of IC cards, magnetic cards, related equipment and application systems, and (ii) trading of liquor products.

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

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated results of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") (collectively "HKFRSs"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The accounting policies adopted in preparing the unaudited condensed consolidated results for the six months ended 30 June 2020 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019, except for the change in accounting policies due to the revised HKFRSs and HKASs, which are described in Note 3.

The condensed consolidated results for the six months ended 30 June 2020 are unaudited but have been reviewed by the audit committee of the Company.

The Group has not early adopted the new and revised standards and amendments to standards that have been issued but are not yet effective for the six months ended 30 June 2020.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the new and revised standards in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set in these condensed consolidated financial statement.

#### 4. REVENUE

Revenue represents the gross invoiced value of goods sold, net of value added tax, sale returns and discounts to outside customers. Disaggregation of revenue from contracts with customers by major products is as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Sales of card and card related products	87	3,568	87	5,307
Sales of liquor products	117	18,966	10,067	18,966
	204	22,534	10,154	24,273
Timing of revenue recognition At a point in time	204	22,534	10,154	24,273

#### 5. SEGMENTAL 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. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segment of the Group.

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

Card and card related products	-	provision for application development services and trading of IC and magnetic cards and application systems, card and card related products
Liquor products	-	trading of liquor products

5. **SEGMENTAL INFORMATION** (Continued)

Segmental information about the business is presented below:

*For the six months ended 30 June 2020*

	<b>Card and card related products RMB'000 (Unaudited)</b>	<b>Liquor products RMB'000 (Unaudited)</b>	<b>Consolidated RMB'000 (Unaudited)</b>
Segment revenue			
Sales to external customers	<b>87</b>	<b>10,067</b>	<b>10,154</b>
Segment results	<b>(1,213)</b>	<b>524</b>	<b>(689)</b>
Unallocated corporates income and expense			<b>270</b>
Loss from operations			<b>(419)</b>
Loss before taxation			<b>(419)</b>

5. **SEGMENTAL INFORMATION** (Continued)

*For the six months ended 30 June 2019*

	Card and card related products RMB'000 (Unaudited)	Liquor products RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
Segment revenue			
Sales to external customers	5,307	18,966	24,273
Segment results	1,497	1,375	2,872
Unallocated corporates income and expense			(5,480)
Loss from operations			(2,608)
Loss before taxation			(2,608)

6. **LOSS BEFORE TAXATION**

Loss before taxation has been arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	31	49	39	98
Amortisation of intangible assets (included in cost of sales)	–	453	–	906

**7. INCOME TAX EXPENSE**

The expense represents enterprise income tax in the PRC.

	For the three months ended 30 June		For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
PRC enterprise income tax Current period	9	–	47	–

PRC enterprise income tax of the Group is calculated at the applicable rate of 25% (2019: 25%) on estimated assessable profits.

The Group did not have any significant unprovided deferred taxation as at 30 June 2020 and 30 June 2019.

**8. DIVIDEND**

No dividend was paid during the period. The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: Nil).

**9. LOSS PER SHARE**

The calculation of the basic earnings per share for the six months ended 30 June 2020 is based on the unaudited net loss attributable to owners of the Company for the relevant period of approximately RMB466,000 (2019: loss of RMB2,608,000) and the weighted average number of 800,000,000 shares (2019: 800,000,000 shares).

Diluted loss per share is not presented as there were no potential ordinary shares outstanding during the relevant periods.

**10. TRADE RECEIVABLES**

Details of the aging analysis are as follows:

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
1 to 90 days	<b>5,143</b>	752
91 to 180 days	<b>664</b>	16,619
181 to 365 days	<b>6,696</b>	5,474
	<b>12,503</b>	22,845

Included in the Group's trade receivables balance are debtors with a carrying amount of approximately RMB7,360,000 (2019: RMB22,093,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

**11. TRADE AND OTHER PAYABLES**

The following is an aging analysis of trade and other payables presented based on the invoice date at the end of the reporting period was as follows:

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
1-90 days	-	-
91-180 days	-	8,362
181-365 days	-	5,763
Over 365 days	<b>127</b>	127
Trade payables	<b>127</b>	14,252
Value-added tax payable	<b>7,707</b>	7,119
Accrued expenses and other payables	<b>29,796</b>	40,437
	<b>37,630</b>	61,808

The fair value of the Group's trade and other payables at 30 June 2020 and 31 December 2019 approximates to the corresponding carrying amount.



**12. SHARE CAPITAL**

	Number of shares '000	Nominal value		Total RMB'000
		Domestic shares RMB'000	H shares RMB'000	
Registered, issued and fully paid:				
At 31 December 2019 (Audited)				
and at 30 June 2020 (Unaudited)	800,000	59,980	20,020	80,000

**13. CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 30 June 2020 and 31 December 2019.

**14. CAPITAL COMMITMENTS**

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Capital contribution to joint ventures	5,000	5,000

**15. GAIN ON DEREGISTRATION OF A SUBSIDIARY**

On 26 March 2020, the Group deregistered Shenzhen Mingwah Aohan Electronic Equipment Co., Ltd (深圳市明華澳漢電子設備有限公司), a 80% owned subsidiary in the PRC which was inactive.

	RMB'000
Trade receivables	1
Other payables	(26)
Value-added tax payable	(1,287)
	(1,312)
Non-controlling interest	(347)
	(1,659)

The subsidiary deregistered during the period ended 30 June 2020 had no significant impact on the turnover and results of the Group.

**16 EVENT AFTER THE REPORTING PERIOD**

As at date of report, the Group has no significant events after the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business and Operations Review

During the six months ended 30 June 2020 (the “period under review”), the Group has been principally engaged in the business of (i) the provision of application development services and the sale of IC cards, magnetic cards related equipment and application systems in the People’s Republic of China (the “PRC”) (the “Card and Related Products Business”); and (ii) the trading of liquor products in the PRC (the “Wine Business”).

Since early 2020, the epidemic (the “COVID-19 Outbreak”) associated with a novel coronavirus has spread across China and other countries and adversely affected the economy, infrastructure and livelihood of the people in the PRC and across the globe, the Group’s overall operation and business for the period under review was adversely affected.

#### THE CARD AND RELATED PRODUCTS BUSINESS

During the period under review, the Group’s Card and Related Products Business continued to face the adverse market environment and intensified competition. As a result and coupled with the impact due to the COVID-19 Outbreak, the revenue attributable to the Card and Related Products Business decreased significantly to approximately RMB87,000 for the six months ended 30 June 2020 from approximately RMB5,307,000 for the corresponding period of the previous year.

#### THE WINE BUSINESS

The Group commenced its Wine Business in the last quarter of 2016 with a view to diversify its income source and enhance its financial performance. For furtherance of its Wine Business, the Group (i) entered into strategic partnership with Googut Wine & Spirits Co, Ltd (“Googut”, together with its subsidiaries the “Googut Group”) in 2016; (ii) formed two joint venture companies respectively in the PRC and Hong Kong in 2017; and (iii) entered into a memorandum of understanding and the strategic cooperation agreement with Googut in 2017. The Googut Group is a professional and integrated operator of alcoholic beverage which has well established distribution channel and broad customer base in the PRC.

Due to the anti-graft campaign in the PRC which adversely influenced the sales of the Moutai liquor, the Group did not record any revenue from the Wine Business for the three months ended 31 March 2019. As the result, the Group reformulated its business strategies with Googut to leverage on Googut’s distribution channel and customer base in the PRC.

However, the COVID-19 Outbreak led to the slowdown in the domestic and global wine industry. As a result, the Group’s revenue attributable to the Wine Business decreased to approximately RMB10,067,000 for the six months ended 30 June 2020 from approximately RMB18,966,000 for the corresponding period of the previous year. In view of the above, the Board will continue to adjust its strategy to explore further business opportunities of the Group’s Wine Business and review the performance of the distribution channels and make necessary adjustments as and when necessary.

## Financial Review

### REVENUE, COST OF SALES, GROSS PROFIT

Due to the decrease in the segment revenue as impacted by the COVID-19 Outbreak, the Group recorded a revenue of approximately RMB10,154,000 for the six months ended 30 June 2020, representing a decrease of approximately 58.2% as compared with the revenue of approximately RMB24,273,000 for the corresponding period of the previous year.

The Group's cost of sales for the six months ended 30 June 2020 decreased by approximately 51.4% to approximately RMB9,500,000 (2019: approximately RMB19,537,000). The gross profit of the Group for the six months ended 30 June 2020 amounted to approximately RMB654,000, with a decrease of approximately 86.2% as compared with the gross profit of approximately RMB4,736,000 in corresponding period of the previous year due to significant decrease in revenue. The gross profit margin for the six months ended 30 June 2020 decreased to 6.4% from 19.5% for the corresponding period of previous year mainly due to the decrease in percentage of the revenue generated from the Card and Related Products Business (from approximately 21.9% of the total revenue for the corresponding period of 2019 to approximately 0.9% of that for the period under review) which yields a relatively higher gross profit margin.

### ADMINISTRATIVE AND OTHER OPERATING COSTS

For the six months ended 30 June 2020, the Group's distribution and selling expenses decreased to approximately RMB39,000 from approximately RMB100,000 for the corresponding period of the previous year. The decrease was mainly due to the decrease in distribution and sales of products during the period under review.

For the six months ended 30 June 2020, the Group's general and administrative expenses decreased by approximately 70.9% to approximately RMB2,346,000 (2019: approximately RMB8,064,000). The decrease was mainly due to the decreased in staff costs and other expenses as the result of the Group's cost control measures during the period under review.

For the six months ended 30 June 2020, the finance cost increased by 71.8% to approximately RMB450,000 as compared to approximately RMB262,000 for the corresponding period in the previous year. These financial costs represented the interests on borrowing from independent third parties and interest on lease liabilities for the six months ended 30 June 2020.

During the period under review, the income tax expense amounted to approximately RMB47,000 (2019: Nil).

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### Financial Position

As at 30 June 2020, the Group's net liabilities was approximately RMB22,529,000 (31 December 2019: approximately RMB20,831,000). The increase in net liabilities was mainly attributable to the decrease in the Group's property, plant and equipment, the inventories, the trade and other receivables and the bank balance and cash.

Current liabilities as at 30 June 2020 comprise of (a) trade and other payables of approximately RMB37,630,000 (31 December 2019: approximately RMB61,808,000); (b) income tax payable of approximately RMB1,491,000 (31 December 2019: approximately RMB2,178,000); (c) lease liabilities of approximately RMB297,000 (31 December 2019: approximately RMB292,000); (d) other borrowings of approximately RMB8,192,000 (31 December 2019: approximately RMB15,556,000) and (e) amount due to shareholders of approximately RMB5,149,000 (31 December 2019: approximately RMB5,149,000).

Current assets as at 30 June 2020 comprise of (i) trade receivables of approximately RMB12,503,000 (31 December 2019: approximately RMB22,845,000); (ii) other receivables of approximately RMB17,154,000 (31 December 2019: approximately RMB30,981,000); and (iii) bank balances and cash of approximately RMB164,000 (31 December 2019: approximately RMB231,000). The Group did not have any inventories as at 30 June 2020 (31 December 2019: approximately RMB9,418,000).

### CAPITAL COMMITMENTS

Details of capital commitments are set out in Note 14 to this interim report.

### FINANCIAL RESOURCES

As at 30 June 2020, the Group had bank balances and cash of approximately RMB164,000. The Company intends to finance the Group's future operations, capital expenditure and other capital requirements with the existing cash and bank balances and bank facilities as and when necessary.

### GEARING RATIO

The gearing ratio of the Group was not applicable as the Group had a net working capital deficiency as at 30 June 2020 (2019: Not applicable due to the Group's net cash position).

## **DEREGISTRATION OF A SUBSIDIARY**

Details of the deregistration of a subsidiary are set out in Note 15 to the consolidated financial statements.

## **OUTLOOK**

The Group's business, financial position and results of operations during the period under review was affected by the COVID-19 Outbreak.

With the uncertainties and challenges amid the COVID-19 Outbreak, the Group's operation in the card and application market is expected to face further challenges and fiercer competition, whilst the downturn in domestic and global wine industry would continue to impact the Group's Wine Business. As such, the Group will continue to review the operation and evaluate the performance of the Card and Related Products Business and the Wine Business regularly to ensure timely adjustments in its business strategies.

In order to ease the adverse impact brought about by the COVID-19 Outbreak, the Company has implemented stringent cost control and inventory management measures which led to a significant decrease in the Group's general and administrative cost. The Group will continue to implement and review its cost control and inventory management measures from time to time to ensure its effectiveness in avoiding unnecessary cost expenses.

In addition, the Group is currently liaising with its customers and debtors and expects to gradually recover the outstanding trade receivables to strengthen the Group's cash position, and will negotiate with certain bankers to obtain bank facilities as and when necessary. The Group will continue to adjust its strategy to explore further business opportunities, review the performance of its distribution channels and make necessary adjustments as and when necessary.

## **CHARGES ON THE GROUP'S ASSETS**

As at 30 June 2020, the Company had not pledged any assets for banking facilities.

## **FOREIGN EXCHANGE EXPOSURE**

Since most of the income and expenditure of the Group were received and paid in RMB which is 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

As at 30 June 2020, there was no significant legal claims against the Group.

## CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2020.

## SIGNIFICANT INVESTMENT HELD

The Group did not have any significant investment held as at 30 June 2020.

## DISCLOSURE OF INTERESTS

### **1. Directors', chief executives' and supervisors' interest in shares, underlying shares and debentures of the Company and its associated corporations**

As at 30 June 2020, none of the Directors, supervisors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or required to be entered in the register pursuant to Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## 2. Substantial shareholders' and other persons interests and short positions in the shares and underlying shares of the Company

So far as the Directors are aware, as at 30 June 2020, the persons or companies (not being a director, chief executive or supervisor of the Company) have interests and/or short positions in the shares or underlying shares of the Company which fall to be disclosed 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 are listed as follows:

Name of substantial shareholder	Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shares in the same class	Approximate percentage of total registered share capital
Googut Wine & Spirits Co., Ltd.* (歌德盈香股份有限公司) ("Googut")	Beneficial owner	228,240,000 domestic shares (L) (Note 2)	38.05%	28.53%
Shanghai Beiyuan Enterprises Limited* (上海北燕實業有限公司) ("Shanghai Beiyuan")	Beneficial owner	172,640,000 domestic shares (L)	28.78%	21.58%
Zheng Qi (鄭琪) (Note 3)	Interest in controlled corporation	172,640,000 domestic shares (L)	28.78%	21.58%
Zhang Nan	Beneficial owner	110,000,000 domestic shares (L)	18.34%	13.75%
Zhuoyu Hengtai (Beijing) Safety Equipment Company Limited ("Zhuoyu Hengtai")	Beneficial owner	58,240,000 domestic shares (L) (Note 2)	9.71%	7.28%
Shenzhen Gangao Huijin Investment Company Limited	Beneficial owner	33,800,000 domestic shares (L)	5.64%	4.23%
Guo Fan	Beneficial owner	31,460,000 domestic shares (L)	5.25%	3.93%
Princes MB Asset Management Corp.	Beneficial owner	11,416,000 H shares (L)	5.70%	1.43%



Notes:

1. The letter “L” denotes the shareholders' long position in the shares of the Company.
2. Based on the information provided by the relevant person(s), Googut was interested in (i) 170,000,000 domestic shares which were beneficially owned by Googut; and (ii) 58,240,000 domestic shares which were the subject matter of an equity transfer agreement dated 21 August 2019 entered into between Googut and Zhuoyu Hengtai. As at 30 June 2020, these 58,240,000 domestic shares were held by Zhuoyu Hengtai, subject to the completion of the equity transfer agreement.
3. Mr. Zheng Qi owned 80% of the shares of Shanghai Beiyan. By virtue of the SFO, Mr. Zheng Qi is deemed to be interested in the shares of the Company held by Shanghai Beiyan.

\* *For identification purposes only*

Save as disclosed above, as at 30 June 2020, the Company had not been notified by any person who had any interests and/or short positions in the shares or underlying shares of the Company which fall to be disclosed 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.

## **DISCLOSURE OF INFORMATION ON DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES**

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in the information of the Directors, supervisors and chief executives are as follows:

1. Mr. Lau Shu Yan resigned as an independent non-executive Director and ceased to be the chairman of the audit committee of the Company (the “Audit Committee”) and the nomination committee of the Company (the “Nomination Committee”), and a member of the remuneration committee of the Company (the “Remuneration Committee”) with effect from 9 April 2020.
2. Mr. Wei Wei, an independent non-executive Director, was appointed as the chairman of the Audit Committee with effect from 9 April 2020, and was re-designated as member of the Audit Committee with effect from 6 August 2020.
3. Mr. Zhang Tao, the chairman of the Company and an executive Director, was appointed as the chairman of the Nomination Committee with effect from 9 April 2020.
4. Mr. Chan Chun Kit was appointed as an independent non-executive Director, the chairman of the Audit Committee, and a member of the Remuneration Committee and the Nomination Committee with effect from 6 August 2020.

## **SHARE OPTION SCHEME**

The Company has not granted or issued any option up to 30 June 2020.

## **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

At no time during the period under review was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **COMPETING INTERESTS AND CONFLICT OF INTEREST**

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 or has other conflicts of interest with the Group during the period under review.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") pursuant to the requirements in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry with all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code during the six months period ended 30 June 2020.

The Company has adopted a code of conduct regarding securities transactions by the relevant employees of the Group who are considered likely to be in possession of unpublished price sensitive information of the Group on no less exacting terms than the Model Code in relation to their dealings in the securities of the Company pursuant to code provision A.6.4 of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. To the best knowledge and belief of the Directors, all relevant employees have complied with the required standard of such code.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters. The Audit Committee has also reviewed the unaudited interim results of the Company for the six months ended 30 June 2020, which is of the opinion that such statements comply with the applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosure have been made.

## CORPORATE GOVERNANCE

The Board has adopted the CG Code. 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 Company has complied with the CG Code throughout the six months ended 30 June 2020, except for the following deviations:

- (a) In respect of the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. After the appointment of Mr. Zhang Tao as the chief executive officer of the Company (the "Chief Executive Officer") on 8 February 2018, he has served as both the chairman of the Board (the "Chairman") and the Chief Executive Officer. By taking into account the current circumstances of the Group as a whole, the Board considers Mr. Zhang Tao, being a key leadership of the Group, as a suitable candidate to be the Chief Executive Officer, ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board will consider splitting the roles of Chairman and Chief Executive Officer at a time when it is appropriate. Therefore, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board which is comprised of three executive Directors, one non-executive Director and three independent non-executive Directors as at the date of this report the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.
  
- (b) In respect of the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings. Mr. Zhou Liang Hao, Mr. Yu Xiuyang, Mr. Lau Shu Yan and Mr. Wei Wei did not attend the extraordinary general meeting of the Company held on 3 February 2020 due to the restrictions in force in China by relevant PRC authorities in the attempt to contain the COVID-19 Outbreak.

- (c) With respect to code provision C.1.3 of the CG Code, unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis. The Directors are aware of material uncertainties that may cast doubt on the Company's going concern as stated in the independent auditors' report for the year ended 31 December 2019 (for details please refer to the independent auditor's report set out on pages 35 to 103 of the 2019 Annual Report). In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group and adopted the going concern in view of the effectiveness of its cost control measures, the expected recovery of trade receivables from customers or debtors, and the availability of external bank facilities, and the Group has continued to (a) implement cost control and inventory management measures to avoid incurring unnecessary cost expenses; and (b) implement debt recovery measures to strength the Group's cash position and liaise with external bankers to obtain bank facilities as and when necessary, as to enable it to meet its liabilities when they fall due and carry on its business without a significant impact or restrictions to its operations.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The consolidated financial statements do not include any of these adjustments that would result from the failure to continue to operate as a going concern.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

## **INTERIM DIVIDEND**

The Board does not declare an interim dividend for the six months ended 30 June 2020 (2019: Nil).

## **DIRECTORS**

As at the date of this report, the executive Directors are Mr. Zhang Tao, Mr. Lang Yu and Mr. Liu Jianfeng; the non-executive Director is Mr. Zhou Liang Hao; and the independent non-executive Directors are Mr. Yu Xiuyang, Mr. Wei Wei and Mr. Chan Chun Kit.

By Order of the Board  
**Shenzhen Mingwah Aohan High Technology Corporation Limited**  
**Zhang Tao**  
*Chairman*

Shenzhen, the PRC, 14 August 2020