



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

2021

First Quarterly Report

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. Lang Yu
Mr. Liu Jianfeng

Non-Executive Directors

Mr. Zhang Tao (*Chairman*)
(re-designated from an executive Director
to a non-executive Director on 11 May 2021)
Mr. Zhou Liang Hao

Independent Non-Executive Directors

Mr. Yu Xiuyang
Mr. Wei Wei
Mr. Chan Chun Kit

Supervisors

Mr. Zhou Jie
Mr. You Xiaohua
Ms. Huang Sanhuan

AUDIT COMMITTEE

Mr. Chan Chun Kit (*Chairman*)
Mr. Yu Xiuyang
Mr. Wei Wei

NOMINATION COMMITTEE

Mr. Zhang Tao (*Chairman*)
Mr. Yu Xiuyang
Mr. Chan Chun Kit

REMUNERATION COMMITTEE

Mr. Yu Xiuyang (*Chairman*)
Mr. Wei Wei
Mr. Chan Chun Kit

CHIEF EXECUTIVE OFFICER

Mr. Zhang Tao (resigned on 11 May 2021)

COMPANY SECRETARY

Ms. Leung Hoi Yan

COMPLIANCE OFFICER

Mr. Zhang Tao (ceased to act on 11 May 2021)
Mr. Liu Jianfeng (appointed on 11 May 2021)

AUTHORIZED REPRESENTATIVES

Ms. Leung Hoi Yan
Mr. Zhang Tao (ceased to act on 11 May 2021)
Mr. Liu Jianfeng (appointed on 11 May 2021)

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, 17th 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

GEM STOCK CODE

8301

HIGHLIGHTS

For the three months ended 31 March 2021, the unaudited revenue was RMBNil which representing a significant decrease of 100% as compared to that of the corresponding period in 2020. The loss attributable to owners of the Company for the three months ended 31 March 2021 was approximately RMB1,128,000 (2020: profit of approximately RMB609,000).

Loss per share of the Group was approximately RMB0.14 cents for the three months ended 31 March 2021.

To all shareholders,

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated quarterly results of the Group for the three months ended 31 March 2021 (“First Quarter” or the “period under review”), together with the comparative unaudited figures for the corresponding period in 2020, as follows:

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

For the three months ended 31 March 2021 and 31 March 2020

	Notes	For the three months ended 31 March	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	3	–	9,950
Cost of sales		–	(9,500)
Gross profit		–	450
Other income		–	22
Distribution and selling expenses		–	(26)
General and administrative expenses		(917)	(1,409)
Gain on deregistration of a subsidiary		–	1,659
Finance costs		(211)	(49)
(Loss)/profit before taxation		(1,128)	647
Income tax expenses	4	–	(38)
(Loss)/profit for the period attributable to owners of the Company		(1,128)	609
Other comprehensive loss for the period		(28)	(283)
Total comprehensive (loss)/income for the period attributable to owners of the Company		(1,156)	326
Dividend	5	–	–
(Loss)/earnings per share			
– Basic (cents)	6	(0.14)	0.08
– Diluted (cents)	6	N/A	N/A

Unaudited Condensed Consolidated Statement of Changes in Equity*For the three months ended 31 March 2021 and 31 March 2020*

	Attributable to owners of the Company								
	Share capital	Share premium	Statutory				Accumulated losses	Non-controlling interest	Total
			Statutory surplus reserve	public welfare fund	Translation reserve				
			RMB'000	RMB'000	RMB'000	RMB'000			
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
At 1 January 2020									
(Unaudited)	80,000	71,974	5,040	2,411	(940)	(158,843)	(358)	347	(11)
Profit for the period	-	-	-	-	-	609	609	-	609
Other comprehensive loss for the period	-	-	-	-	(283)	-	(283)	-	(283)
Deregistration of a subsidiary	-	-	(321)	(160)	-	481	-	(347)	(347)
At 31 March 2020	80,000	71,974	4,719	2,251	(1,223)	(157,753)	(32)	-	(32)
At 1 January 2021	80,000	71,974	4,719	2,251	(1,161)	(185,714)	(27,931)	-	(27,931)
Loss for the period	-	-	-	-	-	(1,128)	(1,128)	-	(1,128)
Other comprehensive loss for the period	-	-	-	-	(28)	-	(28)	-	(28)
At 31 March 2021	80,000	71,974	4,719	2,251	(1,189)	(186,842)	(29,087)	-	(29,087)

Notes to the Unaudited Condensed Financial Statements

For the three months ended 31 March 2021

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 provision of application development services and the sale of IC cards, magnetic cards, related equipment and application systems, and (ii) trading of liquor products.

2. BASIS OF PREPARATION

The accompanying unaudited condensed consolidated results of the Group are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standard and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the GEM Listing Rules. They have been prepared under historical cost convention. The accounting policies adopted are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

The HKICPA has issued certain new and revised HKFRS that are first effective or available for early adoption for the current period of the Group. These new and revised HKFRSs have no significant impact on the results or the financial position of the Group for current and previous accounting periods.

The Group has not applied the new and revised HKFRSs that have been issued but not yet effective for the current accounting period. The adoption of these new standards and amendments to standards is not expected to have any significant impact on the results of the Group.

The condensed consolidated results are unaudited but have been reviewed by the Company's audit committee.

3. REVENUE

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

	For the three months ended 31 March	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of card and related products	-	-
Sales of liquor products	-	9,950
	-	9,950
Timing of revenue recognition		
At point in time	-	9,950

4. INCOME TAX EXPENSES

	For the three months ended 31 March	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC enterprise income tax		
Current period	-	38

PRC enterprise income tax of the Group is calculated at the applicable rate of 25% (2020: 25%) on estimated assessable profits.

The Group did not have any significant unprovided deferred taxation as at 31 March 2021 and 31 March 2020.

5. DIVIDEND

No dividend was paid during the period. The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2021 (2020: Nil).

6. (LOSS)/EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 31 March 2021 is based on the unaudited net loss attributable to owners of the Company for the relevant period of approximately RMB1,128,000 (2020: profit of approximately RMB609,000) and the weighted average number of 800,000,000 shares (2020: 800,000,000 shares).

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operations Review

During 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 card related equipment and application systems in the People's Republic of China (the "PRC") (the "Card and Related Products Business"); and (ii) trading of liquor products in the PRC (the "Wine Business").

The beginning of 2021 continued with the challenges brought about by the on-going epidemic (the "COVID-19 Epidemic") associated with a novel coronavirus (the "COVID-19"), which has spread across China and other countries and adversely affected the economy, infrastructure and livelihood of the people in the PRC and worldwide. Whilst the Group's overall operation and business for the period under review was adversely affected due to the COVID-19 Epidemic, the Company has taken the opportunity to carefully re-evaluate its existing business operations and resources while taking into account its own competitive strengths and the inevitable shift in industry and market trends in adapting to the COVID-19 situation. In addition to taking debt recovery actions with the view to strengthen the Company's cash position, the Company during this transition period has been patiently refining its business strategies and planning on how to effectively allocate its resources when suitable business opportunities arise so as to achieve sustainable business development.

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 Epidemic, revenue of RMBNil (2020: RMBNil) attributable to the Card and Related Products Business for the three months ended 31 March 2021 because the Group did not perform any contract (2020: None) for its application system and application development services.

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* (歌德盈香股份有限公司) ("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.

The ongoing COVID-19 Epidemic, in particular the resurgence of confirmed COVID-19 cases in China during in early 2021, has brought disruption to the wine distribution channel in China and worldwide resulting in decrease in demand in wine products and change in purchasing behaviour of end-customers. As a result, the revenue attributable to the Wine Business for the three months ended 31 March 2021 was RMBNil (2020: approximately RMB9,950,000); whilst the segment profit of the Wine Business for the three months ended 31 March 2021 was RMBNil (2020: approximately RMB450,000).

In light of the above, the Board will continue to adjust its strategy and 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 AND GROSS PROFIT

During the period under review, the Group recorded a revenue of RMBNil, representing a decrease of 100% as compared with the revenue of approximately RMB9,950,000 in the corresponding period of the previous year, whilst the Group's cost of sales for the three months ended 31 March 2021 decreased by 100% to RMBNil (2020: approximately RMB9,500,000).

The gross profit of the Group for the three months ended 31 March 2021 amounted to RMBNil, with a decrease of 100% as compared with the gross profit of approximately RMB450,000 in corresponding period of the previous year due to decrease in revenue. The gross profit margin for the three months ended 31 March 2021 was not applicable (2020: 4.5%) due to the fact that the Group did not record revenue for the period under review due to the reason as stated above.

ADMINISTRATIVE AND OTHER OPERATING COSTS

For the three months ended 31 March 2021, the Group's distribution and selling expenses decreased by 100% from approximately RMB26,000 for the three months ended 31 March 2020 to RMBNil. The decrease was mainly due to the decrease in distribution and sales of products during the period under review.

For the three months ended 31 March 2021, the Group's general and administrative expenses decreased by approximately 34.9% of approximately RMB917,000 (2020: approximately RMB1,409,000). The decrease was primarily due to continued implementation of cost control measures resulting in the decrease of staff costs during the period under review.

For the three months ended 31 March 2021, the Group's finance cost increased by approximately 330.6% to approximately RMB211,000 as compared to approximately RMB49,000 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 period under review.

During the period under review, the income tax expense amounted to RMBNil (2020: approximately RMB38,000).

Outlook

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

In view of the uncertainties brought by the COVID-19 Epidemic, the Group will continue to review the operation and evaluate the performance of the Card and Related Products Business and the Wine Business.

Although it has been challenging for the Company in face of such adverse external factors impacting its business operations, the Company believed that careful reviewing and strategising during this transitional period is a key to further develop its business sustainability. In the meanwhile, the Company has also been engaging in negotiations with potential strategic or cooperative partners with business opportunities in line with the Company's business strategies. The Group will continue to patiently monitor the situation in relation to the COVID-19 Epidemic and cautiously adjust its strategy to explore further business opportunities, review the performance of its distribution channels and make necessary adjustments as and when necessary.

Litigations

As at 31 March 2021, there was no significant legal claims against the Group.

Dividends

The Directors do not recommend the payment of any dividend for the three months ended 31 March 2021 (2020: Nil).

Suspension of trading

Reference is made to the announcements of the Company dated 2, 3, 11 and 17 November 2020, 11 February 2021 and 11 May 2021. The trading in the Shares on GEM of the Stock Exchange has been suspended with effect from 12 November 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 31 March 2021, 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 31 March 2021, 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	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 31 March 2021, 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 31 March 2021, 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.

SHARE OPTION SCHEME

The Company has not granted or issued any option up to 31 March 2021.

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.

DIRECTOR'S 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 Rule 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 period under review.

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 of the Company (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 first quarterly results of the Company for the period under review, and 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 of best practices. Maintaining high standards of corporate governance practices is not only complying with the provisions but also enhancing corporate performance and accountability. The Company has complied with the CG Code throughout the period under review, 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. During the period under review, Mr. Zhang Tao ("Mr. Zhang") served as both the chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "CEO") since the appointment of Mr. Zhang as the CEO on 8 February 2018. By taking into account the circumstances of the Group as a whole, the Board considers Mr. Zhang, being a key leadership of the Group, as a suitable candidate to be the CEO, ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. 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 executive Directors, non-executive Director and independent non-executive Directors during the period under review, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

Due to Mr. Zhang's intention to concentrate on his own business engagement, Mr. Zhang resigned as the CEO with effect from 11 May 2021. The Company will endeavour to identify suitable candidate to fill the vacancy after the resignation of Mr. Zhang as CEO.

- (b) In respect of the 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 contained in the annual report of the Company for the year ended 31 December 2020.

As disclosed in the consolidated financial statements for the year ended 31 December 2020, the Group incurred net loss of approximately RMB6,952,000 for the year ended 31 December 2020 and, as of that date, the Group had net current liabilities and net liabilities of approximately RMB28,269,000 and RMB27,931,000 respectively, whereas the bank balances and cash amounted to approximately RMB470,000. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern, the validity of which depends upon the Group's ability to repay, renew or extend existing borrowings and other liabilities upon their maturities, through cash flows from operations and continuing support from the Group's finance providers and creditors.

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 for the year ended 31 December 2020 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.

DIRECTORS

As at the date of this report, the executive Directors are Mr. Lang Yu and Mr. Liu Jianfeng; the non-executive Directors are Mr. Zhang Tao and 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 May 2021