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 2012

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") announce the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 together with last year's comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	**2012** RMB'000	2011 RMB'000
Turnover	4	**34,408**	56,470
Cost of sales		**(25,420)**	(48,872)
Gross profit		**8,988**	7,598
Other income		**339**	237
Other gains and losses		**(6,392)**	14,298
Distribution and selling expenses		**(3,748)**	(6,320)
General and administrative expenses		**(7,574)**	(13,670)
Finance costs	6	**(1,267)**	(636)
(Loss) profit before taxation		**(9,654)**	1,507
Income tax credit (expense)	7	**5,995**	(779)
(Loss) profit and total other comprehensive (expense) income for the year		**(3,659)**	728
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(3,796)**	1,119
Non-controlling interests		**137**	(391)
		(3,659)	728
(Loss) earnings per share	9		
Basic and diluted (RMB' cents)		**(0.73)**	0.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current asset			
Property, plant and equipment	10	**3,508**	5,927
Current assets			
Inventories	11	**3,667**	5,527
Trade and other receivables	12	**32,436**	38,103
Bank balances and cash		**2,075**	2,612
		38,178	46,242
Current liabilities			
Trade and other payables	13	**32,340**	32,349
Amount due to a director		**45**	48
Income tax payable		**3**	6,350
Loan from a former minority shareholder	14	**6,853**	7,318
		39,241	46,065
Net current (liabilities) assets		**(1,063)**	177
Net assets		**2,445**	6,104
Capital and reserves			
Share capital		**52,000**	52,000
Reserves		**(50,192)**	(46,396)
Equity attributable to owners of the Company		**1,808**	5,604
Non-controlling interests		**637**	500
Total equity		**2,445**	6,104

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Attributable to owners of the Company							
	Share capital	**Share premium**	**Statutory surplus reserve**	**Statutory public welfare fund**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2011	52,000	17,574	5,954	2,978	(74,021)	4,485	891	5,376
Total comprehensive income (expense) for the year	–	–	–	–	1,119	1,119	(391)	728
At 31 December 2011	52,000	17,574	5,954	2,978	(72,902)	5,604	500	6,104
Total comprehensive (expense) income for the year	–	–	–	–	(3,796)	(3,796)	137	(3,659)
At 31 December 2012	**52,000**	**17,574**	**5,954**	**2,978**	**(76,698)**	**1,808**	**637**	**2,445**

1. GENERAL

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

The Group are principally engaged in the design, development and manufacture of IC cards, magnetic cards and related equipment and application systems in the PRC.

2. BASIS OF PREPARATION

At 31 December 2012, the Group reported a consolidated loss attributable to owners of the Company of approximately RMB3,796,000 for the year ended 31 December 2012, and had consolidated net current liabilities of approximately RMB1,063,000. The condition indicates 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 31 December 2012 given that:

(i) the directors of the Company will consider different sources of financing being available; and

(ii) a substantial shareholder of the Company has committed to provide continuing support to enable the Group to operate as a going concern and meet its liabilities as they fall due for the foreseeable future.

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 have not been reflected in the consolidated financial statements.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to Hong Kong Accounting Standard ("HKAS") 12	Deferred Tax: Recovery of Underlying Asset;
Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets; and
Amendments to HKAS 1	As part of the Annual Improvements to HKFRSs 2009–2011 Cycle issued in 2012.

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

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle, except for the amendments HKAS 1[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC)-Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

- 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. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

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

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "*Consolidated and Separate Financial Statements*" that deal with consolidated financial statements. HK (SIC) — Int 12 "*Consolidation — Special Purpose Entities*" will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvements with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "*Interests in Joint Ventures*". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) — Int 13 "*Jointly Controlled Entities — Non-monetary Contributions by Venturers*" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors anticipate that the application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors of the Company have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 "*Presentation of Items of Other Comprehensive Income*" introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

The directors of the Company anticipate that application of the other new or revised HKFRSs will have no material impact on the consolidated financial statements.

4. TURNOVER

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

	2012	2011
	RMB'000	*RMB'000*
Turnover		
Sales of cards	**29,441**	52,860
Sales of non-cards	**4,967**	3,610
	34,408	56,470

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 delivered or services provided. No operating segments have been identified by the chief operating decision maker have been aggregated in arising at the reportable segments of the Group.

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

Card products	—	design, development and manufacture of IC and magnetic cards
Non-card products	—	design, development and manufacture of card related equipment and application systems

(a) Segment revenues and result

	Card products		Non-card products		Eliminations		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue:								
Sales to external customers	**29,441**	52,860	**4,967**	3,610	**–**	–	**34,408**	56,470
Inter-segment sales	**12,668**	28,133	**–**	–	**(12,668)**	(28,133)	**–**	–
Total	**42,109**	80,933	**4,967**	3,610	**(12,668)**	(28,133)	**34,408**	56,470
Segment results	**(5,975)**	3,488	**(1,008)**	239	**–**	–	**(6,983)**	3,727
Interest income							**5**	81
Unallocated corporate expenses							**(1,409)**	(1,665)
Finance costs							**(1,267)**	(636)
(Loss) profit before taxation							**(9,654)**	1,507

Segment results represents the results of each segment without allocation of interest income, central administration costs, directors' remuneration and finance costs. 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

	Card products		Non-card products		Total	
	2012	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment assets						
Segment assets	**33,893**	46,390	**5,718**	3,167	**39,611**	49,557
Unallocated assets					**2,075**	2,612
Total assets					**41,686**	52,169
Segment liabilities						
Segment liabilities	**27,670**	30,282	**4,670**	2,067	**32,340**	32,349
Unallocated liabilities					**6,901**	13,716
Total liabilities					**39,241**	46,065

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 amount due to a director, loan from a former minority shareholder and income tax payable. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(c) Other segment information

Amount included in the measure of segment profit or loss or segment assets:

	Card products		Non-card products		Total	
	2012	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Additions to non-current assets *(Note)*	**48**	5,078	**–**	–	**48**	5,078
Amortisation of prepaid lease payments	**–**	75	**–**	–	**–**	75
Depreciation for property, plant and equipment	**1,500**	1,904	**55**	70	**1,555**	1,974
Gain on disposal of property, plant and equipment	**(44)**	(10,762)	**–**	–	**(44)**	(10,762)
Gain on disposal of prepaid lease payments	**–**	(6,767)	**–**	–	**–**	(6,767)
Impairment loss recognised in respect of trade and other receivables	**9,345**	–	**–**	–	**9,345**	–
Property, plant and equipment written off	**–**	1,137	**–**	–	**–**	1,137
(Reversal) allowance for inventories	**(404)**	2,145	**–**	–	**(404)**	2,145
Reversal of impairment loss on trade and other receivables	**(508)**	(218)	**–**	–	**(508)**	(218)
Written back of trade payables	**(2,104)**	–	**–**	–	**(2,014)**	–

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

(d) Geographical information

For the two years ended 31 December 2012, 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:

	2012	2011
	RMB'000	*RMB'000*
Customer A	**N/A***	12,177
Customer B	**N/A***	7,677
Customer C	**3,423**	N/A*

* *The corresponding revenue do not contribute to over 19% of the total revenue of the Group in the respective years.*

6. FINANCE COSTS

	2012	2011
	RMB'000	*RMB'000*
Interest on borrowings wholly repayable within five years	**1,267**	636

7. INCOME TAX (CREDIT) EXPENSE

	2012	2011
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("EIT")		
— Current	**256**	779
— Overprovision in prior years	**(6,251)**	–
	(5,995)	779

No provision for Hong Kong Profits Tax has been made as the Group's income neither arise in, nor is derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The Company and certain of its subsidiaries, were subject to EIT at the rate of 25% (2011: 24-25%) as they were classified as Advanced and New Technology Enterprise.

8. DIVIDEND

No dividend was paid, declared or proposed during the year ended 31 December 2012, nor has any dividend been proposed since the end of the reporting period (2011: Nil).

9. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on the loss attributable to owners of the Company of approximately RMB3,796,000 (2011: profit of approximately RMB1,119,000) and the weighted average number of ordinary shares in issue of approximately 520,000,000 shares (2011: 520,000,000) during the year.

The diluted (loss) earnings per share is the same as the basic (loss) earnings per share as there were no dilutive potential ordinary shares for the two years ended 31 December 2012.

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Plant and machinery *RMB'000*	Leasehold improvement, furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
COST					
At 1 January 2011	19,225	25,925	2,721	1,468	49,339
Additions	–	178	4,250	650	5,078
Disposals	(19,225)	(2,036)	(237)	(81)	(21,579)
Written off *(Note c)*	–	(10,933)	(1,153)	(250)	(12,336)
At 31 December 2011	–	13,134	5,581	1,787	20,502
Additions	–	–	48	–	48
Disposals	–	(4,605)	(271)	(248)	(5,124)
At 31 December 2012	**–**	**8,529**	**5,358**	**1,539**	**15,426**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2011	8,585	22,868	2,342	897	34,692
Provided for the year	565	1,024	155	230	1,974
Eliminated on disposals	(9,150)	(1,503)	(192)	(47)	(10,892)
Eliminated on written off *(Note c)*	–	(9,998)	(951)	(250)	(11,199)
At 31 December 2011	–	12,391	1,354	830	14,575
Provided for the year	–	25	1,386	144	1,555
Eliminated on disposals	–	(3,898)	(249)	(65)	(4,212)
At 31 December 2012	**–**	**8,518**	**2,491**	**909**	**11,918**
CARRYING VALUES					
At 31 December 2012	**–**	**11**	**2,867**	**630**	**3,508**
At 31 December 2011	–	743	4,227	957	5,927

(a) The buildings are held in the PRC under medium-term leases.

(b) 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:

	Depreciation rate	Residual value (on cost)
Buildings	30–40 years	3%
Plant and machinery	6 years	3–10%
Leasehold improvements	6 years	10%
Furniture, fixtures and equipment	5–6 years	3–10%
Motor vehicles	5–10 years	3–10%

(c) During the year ended 31 December 2011, the carrying values of plant and machinery, leasehold improvement, furniture, fixtures and equipment and motor vehicles amounting to approximately RMB1,137,000 (2012: Nil) was written off, which was mainly due to removal of factory.

11. INVENTORIES

	2012	2011
	RMB'000	*RMB'000*
Raw materials	**2,712**	3,063
Finished goods	**955**	2,464
	3,667	5,527

At 31 December 2012, inventories to the amount approximately RMB3,614,000 (2011: RMB5,513,000) was stated at net realisable values.

12. TRADE AND OTHER RECEIVABLES

	2012	2011
	RMB'000	*RMB'000*
Trade receivables	**31,047**	26,991
Less: Impairment loss recognised	**(9,001)**	–
	22,046	26,991
Prepayments, deposits and other receivables	**10,734**	11,112
Less: Impairment loss recognised	**(344)**	–
	10,390	11,112
	32,436	38,103

The Group allows an average credit period of 15-180 days to its customers. In addition, for certain customers with long-established relationship and good past repayment histories, a longer credit period may be granted.

An aged analysis of trade receivables, net of impairment loss recognised, presented based on transaction date is as follows:

	2012	2011
	RMB'000	*RMB'000*
1 to 90 days	**10,082**	15,206
91 to 180 days	**6,164**	7,079
181 to 365 days	**5,227**	4,084
Over 365 days	**573**	622
	22,046	26,991

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

		Neither past due nor impaired	Past due but not impaired		
	Total		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 2012	**22,046**	**14,330**	**3,349**	**4,367**	**–**
At 31 December 2011	26,991	22,511	–	3,893	587

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 RMB7,716,000 (2011: RMB4,480,000) which were past due at the end of the reporting period 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.

13. TRADE AND OTHER PAYABLES

	2012	2011
	RMB'000	*RMB'000*
Trade payables	**10,956**	12,731
Accrued expenses and other payables	**7,175**	6,824
Accrued interest	**1,267**	395
Value-added tax payable	**12,942**	12,399
	32,340	32,349

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

An aged analysis of the trade payables at the end of the reporting period based on transaction date is as follows:

	2012	2011
	RMB'000	*RMB'000*
0–90 days	**4,310**	6,020
91–180 days	**427**	28
181–365 days	**30**	272
Over 365 days	**6,189**	6,411
	10,956	12,731

14. LOAN FROM A FORMER MINORITY SHAREHOLDER

The loan from a former minority shareholder is unsecured, carries interest at the three month base lending rate published by the People's Bank of China and repayable in April 2012. Pursuant to a loan extension agreement dated 25 March 2012, the repayment date of the loan has been extended to 31 December 2013 with all other terms remaining the same.

15. LITIGATIONS

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 an outstanding amount with accrued interest of approximately RMB4,000,000 relating to the purchase of goods.

On 21 January 2011, a settlement agreement was issued by Guangdong Province Shenzhen City Fu Tian District People's Court (廣東省深圳市福田區人民法院). The Company and Sihui agreed to pay an amount of approximately RMB3,600,000 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 RMB121,000 against the Company on 7 February 2012. The amount has still not been settled up to the date of this announcement.

Extracts from the report of the independent auditor of the Company, KTC Partners CPA Limited below:

"BASIS FOR QUALIFIED OPINION — FUNDAMENTAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

The Group incurred a consolidated loss attributable to owners of the Company of approximately RMB3,796,000 for the year ended 31 December 2012, and had consolidated net current liabilities of approximately RMB1,063,000 as at 31 December 2012. In addition, as explained in Note 28 to the consolidated financial statements, at 31 December 2012, the settlement amount of approximately RMB3,600,000 in relation to the litigation was overdue and requires immediate repayment. These conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As explained in the basis of preparation in Note 2 to the consolidated financial statements, the consolidated financial statements have been prepared by the directors on a going concern basis, the validity of which is dependent upon the future funding available and the financial support of a substantial shareholder.

Although the Group has received a letter of support from the substantial shareholder evidencing his commitment in this respect, we were unable to obtain sufficient evidence to satisfy ourselves as to the financial resources of the substantial shareholder and as to his ability to provide financial support to the Group. If the financial support from the substantial shareholder is not forthcoming and the Group is unable to obtain sufficient financing from other sources, the going concern basis would then be inappropriate.

The consolidated financial statements do not include any adjustments that would result from the unavailability of future funding and the failure to obtain financial support from the substantial shareholder. We consider that appropriate disclosures have been made. However, we consider this fundamental uncertainty is significant that we have qualified our opinion in respect of the appropriateness of adopting the going concern basis for the preparation of the consolidated financial statements.

QUALIFIED OPINION ARISING FROM FUNDAMENTAL UNCERTAINTY TO CONTINUE AS A GOING CONCERN

In our opinion, except for the fundamental uncertainties relating to the going concern basis, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2012, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2012, the Group recorded a turnover of approximately RMB34,408,000, representing a decrease of approximately 39% as compared with the turnover of approximately RMB56,470,000 in the previous year. Such decrease was mainly due to the keen competition which caused a sharp decrease in demand for the card products.

The gross profit of the Group for the year ended 31 December 2012 amounted to approximately RMB8,988,000, with an increase of approximately 18.3% as compared with the gross profit of approximately RMB7,598,000 in the previous year, and its percentage of gross profit for the year rose from 13.5% to 26.12% as compared with last year. The underlying reason of such increase is mainly attributable to increase in sales orders for products with higher profit margins. Other gains and losses amounted to approximately (RMB6,392,000) for the year ended 31 December 2012 which mainly included the impairment loss recognised in respect of trade and other receivable of approximately (RMB9,345,000) and the written back of trade payables of approximately RMB2,014,000.

For the year ended 31 December 2012, the Group's general and administrative expenses decreased from approximately RMB13,670,000 or approximately 44.6% to approximately RMB7,574,000 as compared with last year. The decrease was mainly due to management stepped up efforts on cost control. In comparing with the same in 2011, the distribution and selling expenses was decreased by approximately 40.7% from approximately RMB6,320,000 to approximately RMB3,748,000 for the year ended 31 December 2012. The decrease was in line with the decrease in sales. The finance cost increased by 99.2% to approximately RMB1,267,000 as compared to approximately RMB636,000 in the previous year, which was mainly due to the late penalty interest charges incurred during the year. During the year, the income tax credit amounted to approximately RMB5,995,000 (2011: tax expense of approximately RMB779,000). The income tax credit was mainly due to an overprovision for PRC Enterprise Income Tax of approximately RMB6,251,000 in prior years.

For the year ended 31 December 2012, loss attributable to owners of the Company was approximately RMB3,796,000 as compared to a profit of approximately RMB1,119,000 in 2011.The loss was mainly due to an impairment loss on trade and other receivables of approximately RMB9,345,000 made during the year.

For the year ended 31 December 2012, the Group had equity attributable to owners of the Company of approximately RMB1,808,000 (2011: RMB5,604,000), bank balances and cash of approximately RMB2,075,000 (2011: RMB2,612,000), current assets of approximately RMB38,178,000 (2011: RMB46,242,000) and current liabilities of approximately RMB39,241,000 (2011: RMB46,065,000). The Group's current ratio (total current assets over total current liabilities) was approximately 0.97 (2011: 1) as at 31 December 2012.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Net current assets

At 31 December 2012, the Group had net current liabilities of approximately RMB1,063,000 (2011: Net current assets of approximately RMB177,000). Current assets as at 31 December 2012 comprised inventories of approximately RMB3,667,000 (2011: RMB5,527,000), trade receivables of approximately RMB22,046,000 (2011: RMB26,991,000), other receivables of approximately RMB10,390,000 (2011: RMB11,112,000) and bank balances and cash of approximately RMB2,075,000 (2011: RMB2,612,000). Current liabilities as at 31 December 2012 comprised trade and other payables of approximately RMB32,340,000 (2011: RMB32,349,000), amount due to a director of RMB45,000 (2011: RMB48,000), income tax payable of approximately RMB3,000 (2011: RMB6,350,000) and loan from a former minority shareholder of approximately RMB6,853,000 (2011: RMB7,318,000).

Gearing ratio

The Group's gearing ratios were approximately 195% and 77% as at 31 December 2012 and 31 December 2011 respectively.

Capital commitments

At 31 December 2012, the Group had no outstanding capital commitments (2011: Nil).

Financial resources

At 31 December 2012, the Group had bank balances and cash of approximately RMB2,075,000. 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 27 to the consolidated financial statements.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group had no material acquisitions or disposals during the year ended 31 December 2012.

SEGMENTAL INFORMATION

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

EMPLOYEES AND REMUNERATION POLICY

At 31 December 2012, the Group had 152 full time employees, comprising 21 in administration and finance, 25 in research and development and customer services, 48 in sales, 45 in production, 3 in purchase, and 10 in quality control.

We place high value on our employees as they are our greatest assets to grow with the Group. We encourage our people to be the best in their roles by providing training in diversified fields that address both personal developments and work skills. We also provide workshops for staff at different levels to build team spirit and morale. Our staff were rewarded based on the Company performance as well as their personal performance and contribution.

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

SIGNIFICANT INVESTMENTS

There is no significant investment held by the Group as at 31 December 2012.

CHARGES ON THE GROUP'S ASSETS

At 31 December 2012, there were no assets pledged as collateral for the Group's borrowings.

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 2012.

FOREIGN EXCHANGE EXPOSURE

Since most of the income and expenditure of the Group were received and paid in RMB, the local currency of the place where the Group principally operates in, the Directors do not consider that the Group was significantly exposed to any foreign currency exchange risk.

LITIGATIONS

There was a litigation against the Group and the details of which were stated in note 28 to the consolidated financial statements.

CONTINGENT LIABILITIES

The Company had no significant contingent liabilities as at 31 December 2012 (2011: Nil).

DISCLOSURES OF INTEREST

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

As at 31 December 2012, the interests and long positions of the Directors, the Chief Executive and the Supervisors and their respective associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by directors referred to in Rule 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name of Director/ Chief Executive/ Supervisor	Capacity	Number and class of securities	Approximate percentage of domestic shares	Approximate percentage of total registered share capital
Mr. Li Qi Ming	Beneficial owner	229,840,000 domestic shares	71.87%	44.2%
Mr. Zhu Qing Feng	Beneficial owner	50,700,000 domestic shares	15.85%	9.75%
Mr. Li Wen Jun	Beneficial owner	3,380,000 domestic shares	1.06%	0.65%

Other than the holdings disclosed above, none of the Company's directors, chief executives, supervisors, and their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2012.

2. Substantial Shareholders

So far as the Directors are aware, as at 31 December 2012, no persons or companies (not being a Director, supervisor or chief executive of the Company) have interests and/or long positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO, and who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

DIRECTORS' AND SUPERVISORS' RIGHT TO ACQUIRE H SHARES

At 31 December 2012, 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 2012, 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 2012.

CONNECTED AND RELATED PARTY TRANSACTIONS

Save as disclosed in note 30 to the consolidated financial statements, there were no other connected transactions, which were discussable under Chapter 20 of the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

According to the Articles of Association of the Company and the laws of the PRC, there are no provisions for pre-emptive rights requiring the Company to offer new shares to the existing shareholders of the Company in proportion to their shareholdings.

MODEL CODE

The Board has adopted the Code on Corporate Governance Practices (the "CG Code") and the new version of it which takes effect from April 2012 (the "New 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 announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CORPORATE GOVERNANCE PRACTICES

Except noted below the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in the GEM Listing Rules during the year under review.

During the year, the Company had not sufficient number of independent non-executive directors ("INED") as one of the INED, Mr. Deng Xiao Bao ("Mr. Deng") deceased on 3 November 2012. Pursuant to Rules 5.05A and 5.06 of the GEM Listing Rules, the Company is required to appoint INED representing at least one-third of the Board of the Company within three months from the date of Mr. Deng's decease. However, until 2 February 2013, the Company appointed Mr. Chen Hong Lei to fill Mr. Deng's vacancy as an INED.

Further information on the Company's Corporate Governance Practices is set out in the Corporate Governance Report contained in the annual report.

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 2012 were audited by Messrs. KTC Partners CPA Limited. A resolution for the reappointment of Messrs. KTC Partners CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

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

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 3 July 2008 comprising the 3 independent non-executive directors Mr. Gao Xiang Nong, Ms. Wong Xiao Hong and Mr. Chen Hong Lei. Mr. Gao Xiang Nong is the chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are available at the Company's website and on the website of The Stock Exchange of Hong Kong Limited.

The roles and functions of the Remuneration Committee include consulting the chairman of the Board about their remuneration proposals for other executive directors, making recommendation to the Board on the Company's remuneration policy and structure for all directors' and senior management and the Remuneration Committee has adopted the approach under the code provisions to make recommendations to the Board on the remuneration packages of individual executive directors and senior management.

Meeting of the Remuneration Committee shall be held at least once a year. No meeting was held during the year ended 31 December 2012.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established on 3 July 2008 comprising the 3 independent non-executive directors Mr. Gao Xiang Nong, Ms. Wang Xiao Hong and Mr. Chen Hong Kei. Mr. Gao Xiang Nong is currently the chairman of the Nomination Committee. The terms of reference of the Nomination Committee are available at the Company's website and on the website of The Stock Exchange of Hong Kong Limited.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the chief executive officer. In considering the nomination of new directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the cards and/or other professional areas.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDITORS' REMUNERATION

The annual audit service fee for the year ended 31 December 2012 payable to the Company's auditor, Messrs. KTC Partners CPA Limited is approximately RMB553,000. There was no non-audit service assignment undertaken by the auditor during the year.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises 3 independent non-executive directors, Mr. Gao Xiang Nong, Ms. Wong Xiao Hong and Mr. Chen Hong Lei (appointed on 5 February 2013), who have reviewed the financial statements for the year ended 31 December 2012. 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 Partners CPA Limited 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.

4 meetings were held during the year ended 31 December 2012.

SUPERVISORY COMMITTEE

At the date of this announcement, the supervisory committee of the Company comprises three members, namely Mr. Li Xiang (Chairman), Ms. Liu Wei Qun and Mr. He Wei Ming. The supervisory committee is responsible for exercising supervision over the Board and its members and the senior management; and preventing them from abusing their power and authorities and jeopardizing the legal interests of the shareholders, the Company and its employees. During the year ended 31 December 2012, the supervisory committee held one meeting to review the financial positions of the Group and launched various activities to adhere to the principle of good faith.

DIRECTORS

As at the date of this announcement, the executive Directors are Mr. Li Qi Ming, Mr. Zhu Qing Feng, Mr. Li Wen Jun and Mr. Liu Guo Fei; and the independent non-executive Directors are Mr. Gao Xiang Nong, Ms. Wang Xiao Hong and Mr. Chen Hong Lei.

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

Shenzhen, the PRC, 28 March 2013

* *For identification purpose only*

This announcement will remain on the "Latest Company Announcement" page of the GEM website for at least 7 days and the Company's website at www.mwcard.com from the date of its publication.