



深圳市明華澳漢科技股份有限公司

Shenzhen Mingwah Aohan High Technology Corporation Ltd.*

(a joint stock limited company incorporated in the People's Republic of China)

Stock Code: 8301



Third Quarterly Report
For The Nine Months
Ended 30 September 2009



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* For identification purpose only

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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 of the Stock Exchange 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.

Hong Kong Exchange and Clearing Limited and The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the board of 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 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: 1. the information contained in this report is accurate and complete in all material respects and not misleading; 2. there are no other matters the omission of which would make any statement in this report misleading; and 3. all opinions expressed in this report 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



HIGHLIGHTS

- For the nine months ended 30 September 2009, unaudited turnover is approximately RMB35,199,000, which represents an approximately 36.6% decrease as compared to that of the same period last year. The loss attributable to the shareholders for the nine months ended 30 September 2009 was approximately RMB1,352,000 (2008: Profit of approximately RMB366,000).
- Loss per share of the Group was approximately RMB0.26 cents for the nine months ended 30 September 2009.

To all shareholders,

The Board of Directors (the "Board") are pleased to announce the unaudited condensed consolidated quarterly results of the Group for the three months and nine months ended 30 September 2009 together with comparative figures for the corresponding periods ended 30 September 2008, as follows:

THE FINANCIAL STATEMENTS**Condensed Consolidated Statement of Comprehensive Income**

For the three months and nine months ended 30 September 2009 and 30 September 2008

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Turnover	3	12,924	15,628	35,199	55,546
Cost of sales		(10,635)	(11,867)	(26,342)	(39,417)
Gross profit		2,289	3,761	8,857	16,129
Other operating income		—	158	348	267
Distribution costs		(827)	(1,267)	(2,122)	(3,640)
Administrative expenses		(1,023)	(2,747)	(4,734)	(8,664)
Other operating expenses		(1)	—	(140)	—
Profit/(Loss) from operations		438	(95)	2,209	4,092
Finance costs		(583)	(1,174)	(3,561)	(3,272)
(Loss)/Profit before taxation		(145)	(1,269)	(1,352)	820
Income tax expense	4	(1)	206	(69)	(426)
(Loss)/Earnings for the period		(146)	(1,063)	(1,421)	394
Attributable to:					
Equity holders of the parent		(110)	(612)	(1,352)	366
Minority interest		(36)	(451)	(69)	28
		(146)	(1,063)	(1,421)	394
Dividend	5	—	—	—	—
(Loss)/Earnings per share					
– Basic (cents)	6	(0.02)	(0.12)	(0.26)	0.07
– Diluted (cents)	6	N/A	N/A	N/A	N/A

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2009 and 30 September 2008

	Paid-up capital	Share premium	Statutory		Accumulated losses	Total	Minority	
			surplus reserve	public welfare fund			interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2008	52,000	17,574	5,908	2,955	(70,447)	7,990	761	8,751
Net profit/(loss) for the period	—	—	—	—	366	366	28	394
At 30 September 2008	<u>52,000</u>	<u>17,574</u>	<u>5,908</u>	<u>2,955</u>	<u>(70,081)</u>	<u>8,356</u>	<u>789</u>	<u>9,145</u>
At 1 January 2009	52,000	17,574	5,954	2,978	(75,812)	2,694	219	2,913
Net loss for the period	—	—	—	—	(1,352)	(1,352)	(69)	(1,421)
At 30 September 2009	<u>52,000</u>	<u>17,574</u>	<u>5,954</u>	<u>2,978</u>	<u>(77,164)</u>	<u>1,342</u>	<u>150</u>	<u>1,492</u>

Notes to the Condensed Financial Statements

For the nine months ended 30 September 2009

1. GENERAL

The Company is a public limited liability company incorporated 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 Group is principally engaged in design, development and manufacture of IC cards, magnetic cards, related equipment and application systems in the PRC.

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.

A number of new or revised Standards and Interpretations are effective for the financial year beginning on 1 January 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2008.

HKFRS 8 "Operating Segments"

(effective for annual periods beginning on or after 1 January 2009)

HKFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments, but has had no impact on the reported results or financial position of the Group.

HKAS 1 (revised 2007) "Presentation of Financial Statements"

(effective for annual periods beginning on or after 1 January 2009)

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

The Group has not applied any new standards or interpretation that is not yet effective for the current accounting period.

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

3. TURNOVER

Turnover represents the net amounts received and receivable for goods sold to outside customers, and are summarised as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2009 <i>RMB'000</i> <i>(Unaudited)</i>	2008 <i>RMB'000</i> <i>(Unaudited)</i>	2009 <i>RMB'000</i> <i>(Unaudited)</i>	2008 <i>RMB'000</i> <i>(Unaudited)</i>
Sale of card products	12,251	14,156	33,304	51,125
Sale of non-card products	673	1,472	1,895	4,421
	<u>12,924</u>	<u>15,628</u>	<u>35,199</u>	<u>55,546</u>

4. INCOME TAX EXPENSE

The charge/(credit) represents enterprise income tax in the PRC.

	For the three months ended 30 September		For the nine months ended 30 September	
	2009 <i>RMB'000</i> <i>(Unaudited)</i>	2008 <i>RMB'000</i> <i>(Unaudited)</i>	2009 <i>RMB'000</i> <i>(Unaudited)</i>	2008 <i>RMB'000</i> <i>(Unaudited)</i>
PRC enterprise income tax				
Current period	<u>1</u>	<u>(206)</u>	<u>69</u>	<u>426</u>

PRC enterprise income tax of the Group is calculated at the applicable rate ranging from 15% to 25% on estimated assessable profits.

The Group does not have any significant unprovided deferred taxation as at 30 September 2008 and 30 September 2009.

5. DIVIDEND

No dividend was paid during the period. The directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2009 (2008: Nil).

6. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the nine months ended 30 September 2009 is based on the unaudited net loss for the relevant period of approximately RMB1,352,000 (2008: profit of approximately RMB366,000) and the weighted average number of 520,000,000 shares (2008: 520,000,000 shares).

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



MANAGEMENT DISCUSSION AND ANALYSIS

(i) Business Review

The Group's turnover for the nine months ended 30 September 2009 was approximately RMB35,199,000, representing a decrease of approximately 36.6% as compared to the corresponding period last year (2008: approximately RMB55,546,000). The main reasons for the decrease of the turnover were the keen competition on the market and the global economic downturn, resulting in the decline of orders for the company. It has been believed that such phenomenon will be improved in the last quarter of the year.

Because of the decline in sales, for the nine months ended 30 September 2009, the Group's cost of sales was decreased to approximately RMB26,342,000 (2008: approximately RMB39,417,000). The gross profit for the nine months ended 30 September 2009 was approximately RMB8,857,000 (2008: RMB16,129,000). The gross profit margin was approximately 25.2% (2008: 29%).

When compared to the corresponding period last year, the cost of distribution was decreased by 41.7% to approximately RMB2,122,000 (2008: approximately RMB3,640,000) mainly due to the drop of sales. The administrative expenses were decreased by 45.4% to approximately RMB4,734,000 (2008: approximately RMB8,664,000) mainly due to the Group's adoption of stringent control on the costs.

For the nine months ended 30 September 2009, the Group's loss attributable to shareholders was approximately RMB1,352,000 (2008: a profit of approximately RMB366,000).

(ii) Future Prospects

The Group aims at becoming the leading player in the PRC's card products industry, promoting the brand name of "M&W" as a renowned brand in the PRC's smart card industry and focusing on the development of high-end products in the field of information security. In order to grasp the huge market potential in the area of information security, the Group plans to secure a dominant position in such field by leveraging on its expertise and competitive advantages in smart card business.

The Group in view of long-term development of the Company will invest in the field beneficial to the Company development by all means, including not limited to the field of energy resources.

DISCLOSURE OF INTERESTS

(a) Directors', Chief Executives' and Supervisors' interest in shares of the Company

As at 30 September 2009, 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:

Long positions in shares of the Company

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%	44.20%
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%

Save as disclosed above, as at 30 September 2009, 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 30 September 2009.

(b) Interests discloseable under the SFO and substantial shareholders

So far as the Directors are aware, as at 30 September 2009, the persons or companies (not being a Director or chief executive of the Company) have interests and/or long positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO, and who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Name of substantial shareholders	Capacity	Number and class of securities	Approximate percentage of H shares	Approximate percentage of total registered share capital
Princeps MB Asset Management Corp.	Beneficial owner	11,416,000 H shares	5.70%	2.20%

SHARE OPTION SCHEME

The Company has not granted or issued any option up to 30 September 2009.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the period was the Company, its holding company, or any of its subsidiaries or fellow 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

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 period under review.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors of the Company, all Directors of the Company confirm that they complied with such code of conduct throughout the period to 30 September 2009.

AUDIT COMMITTEE

The Company has established an audit committee since June 2004 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Company and provide advice and comments to the Directors. The audit committee comprises three independent non-executive Directors, namely, Mr. Gao Xiang Nong, Ms. Wang Xiao Hong and Mr. Deng Xiao Bao.

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 third quarterly result of the Group for the nine months ended 30 September 2009.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules of the Stock Exchange save for the deviation from code provision A.2.1.



Chairman and the Chief Executive Officer

The role of chairman and chief executive officer of the Group rests on the same individual which deviates from the code provision in the Corporate Governance Code of not having a clear division of responsibilities. The Board is of the view that this has not compromised accountability and independent decision making for the following reasons:

- Audit Committee composed exclusively of independent non-executive directors; and
- The independent non-executive Directors have free and direct access to the Company's external auditors and independent professional advice when considered necessary.

Mr. Li, the executive chairman, is a substantial shareholder of the Group and has considerable industry experience. He is motivated to contribute to the growth and profitability of the Group. The Board is of the view that it is in the best interests of the Group to have an executive chairman so that the Board can have the benefit of a chairman who is knowledgeable about the business of the Group and is most capable to guide discussions and brief the Board in a timely manner on pertinent issues and developments to facilitate open dialogue between the Board and the management.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the nine months ended 30 September 2009, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

DIRECTORS

As at the date hereof, the executive Directors are Mr. Li Qi Ming, Mr. Zhu Qing Feng, Mr. Li Wen Jun and Mr. Li Guo Fei, and the independent non-executive Directors are Mr. Gao Xiang Nong, Ms. Wang Xiao Hong and Mr. Deng Xiao Bao.

By Order of the Board

Li Qi Ming
Chairman

13 November 2009, Shenzhen, the PRC