



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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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 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 report 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 report misleading; and (iii) 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.



HIGHLIGHTS

- For the three months ended 31 March 2012, the unaudited turnover of the Group was approximately RMB8,793,000, representing a decrease of approximately 64.6% as compared to that of the corresponding period in previous year. The Group recorded a loss attributable to owners of the Company of approximately RMB548,000 (2011: profit of approximately RMB2,089,000) for the three months ended 31 March 2012.
- Loss per share of the Group was approximately RMB0.1 cents for the three months ended 31 March 2012.

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 ended 31 March 2012 ("First Quarter"), together with the comparative unaudited figures for the corresponding period in 2011, as follows:

THE FINANCIAL STATEMENTS

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2012

	Notes	For the three months ended 31 March	
		2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Turnover	3	8,793	24,866
Cost of sales		(6,655)	(18,413)
Gross profit		2,138	6,453
Other operating income		—	76
Distribution costs		(906)	(1,212)
Administrative expenses		(1,939)	(2,948)
(Loss)/Profit from operations		(707)	2,369
Finance costs		(8)	(264)
(Loss)/Profit before taxation		(715)	2,105
Income tax expenses	4	—	(11)
Net (loss)/profit for the period		(715)	2,094
Other comprehensive income for the period		—	—
Total comprehensive (loss)/income for the period		(715)	2,094
(Loss)/Profit attributable to:			
Owners of the Company		(548)	2,089
Non-controlling interests		(167)	5
		(715)	2,094
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(548)	2,089
Non-controlling interests		(167)	5
		(715)	2,094
Dividend	5	—	—
(Loss)/Earnings per share			
– Basic	6	(0.10 cents)	0.40 cents
– Diluted	6	N/A	N/A

Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2012 and 31 March 2011

	Paid-up capital	Share premium	Statutory surplus reserve	Statutory public welfare fund	Accumulated losses	Total	Non- controlling 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 2011	52,000	17,574	5,954	2,978	(74,021)	4,485	891	5,376
Total comprehensive income	—	—	—	—	2,089	2,089	5	2,094
At 31 March 2011	52,000	17,574	5,954	2,978	(71,932)	6,574	896	7,470
At 1 January 2012	52,000	17,574	5,954	2,978	(72,902)	5,604	500	6,104
Total comprehensive loss	—	—	—	—	(548)	(548)	(167)	(715)
At 31 March 2012	52,000	17,574	5,954	2,978	(73,450)	5,056	333	5,389

Notes to the Unaudited Condensed Financial Statements

For the three months ended 31 March 2012

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 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 Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and applicable disclosure requirements of Hong Kong Companies Ordinance and 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 2011.

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

3. TURNOVER

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

	For the three months ended 31 March	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of card products	7,281	23,581
Sales of non-card products	1,512	1,285
	<u>8,793</u>	<u>24,866</u>

4. INCOME TAX EXPENSES

The charge represents enterprise income tax in the PRC.

	For the three months ended 31 March	
	2012	2011
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
PRC enterprise income tax		
Current period	—	11
	<u> </u>	<u> </u>
	—	11
	<u> </u>	<u> </u>

PRC enterprise income tax of the Group is calculated at the applicable rate ranging from 24% to 25% (2011: 22%-25%) on estimated assessable profits.

The Group did not have any significant unprovided deferred taxation as at 31 March 2011 and 31 March 2012.

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 2012 (2011: Nil).

6. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the three months ended 31 March 2012 is based on the unaudited net loss attributable to owners of the Company for the relevant period of approximately RMB548,000 (2011: profit of approximately RMB2,089,000) and the weighted average number of 520,000,000 shares (2011: 520,000,000 shares).

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



BUSINESS REVIEW

The Company sustained a loss attributable to the owners of the Company of approximately RMB548,000 for the three months ended 31 March 2012 due to the decrease of sales.

The Group's turnover for the three months ended 31 March 2012 was approximately RMB8,793,000 (2011: approximately RMB24,866,000), representing a decrease of approximately 64.6% as compared to the corresponding period in 2011. Such decrease was mainly due to the keen competition in the card products market, resulting in the decline of sale orders for the Group.

The Group's cost of sales for the three months ended 31 March 2012 was decreased from approximately RMB18,413,000 to approximately RMB6,655,000, representing a decrease of approximately 63.9% as compared to that of the same period in 2011. The gross profit for the three months ended 31 March 2012 was decreased by approximately 66.9% to approximately RMB2,138,000 (2011: approximately RMB6,453,000). The percentage of gross profit for the three months ended 31 March 2012 decreased slightly from 26.0% to 24.3% as compared to the corresponding period in 2011.

The distribution costs decreased by approximately 25.2% to approximately RMB906,000 (2011: approximately RMB1,212,000). The decrease was in line with the decrease in sales. The administrative expenses were decreased by approximately 34.2% to approximately RMB1,939,000 (2011: approximately RMB2,948,000) due to less staff employed. As a result of the decrease in Group's bank loans, the finance costs for the period reduced to approximately RMB8,000, representing a decrease by approximately 97.0% from approximately RMB264,000 in the corresponding period in 2011.

For the three months ended 31 March 2012, the Group's loss attributable to owners of the Company was approximately RMB548,000 (2011: profit of approximately RMB2,089,000).

FUTURE PROSPECTS

The Group aims at becoming the leading player in the PRC's smart card manufacturing industry, promoting the brand name of "M&W" as a recognized brand in the PRC's smart card industry and placing great emphasis on the development of high-end products in the field of information security. In recognition of 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 the card business with an objective to achieve business diversification of the Group.

The Group will continue to put extensive effort in the marketing of eKey and smart cards, as well as strengthen the research and development of its products, in order to enlarge its market share. The Group will adhere to its operating strategies and objectives, with an aim to maintain its edge in the market and technology advancement.

The Group will continue to strengthen its competitiveness and product innovation to bring considerable return to the shareholders.

DISCLOSURE OF INTERESTS

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

As at 31 March 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:

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%

Other than the holdings as 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 March 2012.



(b) Interests discloseable under the SFO and substantial shareholders

So far as the Directors are aware, as at 31 March 2012, no 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.

SHARES OPTION SCHEME

The Company has not granted or issued any option up to 31 March 2012.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the period 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

None of the Directors or the management shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) had any conflict of interest with any member of the Group or any interest in a business which competes or may compete with the business of any member of the Group during the First Quarter.



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 from the listing date of the Company to 31 March 2012.

AUDIT COMMITTEE

The Company has established an audit committee since June 2004 with written terms of reference in compliance with Rules 5.28 and 5.29 of 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 first quarterly result of the Company for the three months ended 31 March 2012.

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.



PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the three months ended 31 March 2012, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares.

DIRECTORS

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

By Order of the Board

Li Qi Ming

Chairman

Shenzhen, the PRC, 15 May 2012