



## **Qianlong Technology International Holdings Limited**

**乾隆科技國際控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8015)**

### **THE THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2009**

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

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*This announcement, for which the directors of Qianlong Technology International Holdings Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Exchange for the purpose of giving information with regard to Qianlong Technology International Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement 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 announcement misleading; and (3) 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*

## **HIGHLIGHTS**

- Turnover for the nine months ended 30 September 2009 increased by 13.48% to RMB 59,969,000 (2008: RMB52,846,000)
- Profit attributable to shareholders of the Company for the nine months ended 30 September 2009 increased by 20.17% to RMB 13,332,000 (2008: RMB 11,094,000)
- Basic earnings per share was RMB 5.28 cents (2008: RMB 5.27 cents).

## **THE THIRD QUARTERLY RESULTS (UNAUDITED)**

The board of Directors (the “Board”) of Qianlong Technology International Holdings Limited (the “Company”) would like to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the nine months and three months ended 30 September 2009 together with the comparative unaudited figures for the corresponding periods in 2008 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (UNAUDITED)**

		Nine months ended 30 September		Three months ended 30 September	
		2009	2008	2009	2008
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	3	59,969	52,846	22,057	17,788
Cost of sales		(17,528)	(15,481)	(7,760)	(4,279)
Gross profit		42,441	37,365	14,297	13,509
Other income	5	6,903	4,698	2,838	1,742
Other gains and losses	6	121	595	31	239
Selling and distribution costs		(15,309)	(12,720)	(5,681)	(3,819)
Administrative expenses		(18,976)	(15,985)	(6,363)	(5,101)
Other operating expenses		(20)	(126)	—	(54)
Operating profit		15,160	13,827	5,122	6,516
Share of loss of an associate		—	(201)	—	(43)
Profit before taxation	7	15,160	13,626	5,122	6,473
Income tax	8	(1,828)	(2,550)	(443)	(835)
Profit for the period		13,332	11,076	4,679	5,638
Other comprehensive income:					
Exchange differences on translation of financial statements of foreign entities		(15)	(567)	(8)	(634)
Total comprehensive income for the period		13,317	10,509	4,671	5,004
Profit attributable to:					
Equity holders of the Company		13,332	11,094	4,679	5,656
Minority interests		—	(18)	—	(18)
		13,332	11,076	4,679	5,638
Total comprehensive income attributable to:					
Equity holders of the Company		13,317	10,527	4,671	5,022
Minority interests		—	(18)	—	(18)
		13,317	10,509	4,671	5,004
Basic earnings per share (RMB cents)	9	5.28	5.27	1.85	2.69

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited At 30 September 2009 <i>RMB'000</i>	Audited At 31 December 2008 <i>RMB'000</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	34,671	36,452
<b>Current assets</b>		
Inventories	14	26
Trade and other receivables	8,654	3,641
Deposits and prepayments	1,621	1,990
Investments held for trading	8,000	14,073
Cash and cash equivalents	120,970	98,829
	139,259	118,559
<b>Total assets</b>	<b>173,930</b>	<b>155,011</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	26,128	26,128
Retained profits	25,854	12,522
Other components of equity	76,813	76,828
	128,795	115,478
<b>Total equity attributable to equity holders of the Company</b>	<b>128,795</b>	<b>115,478</b>
<b>Non-current liabilities</b>		
Deferred revenue	2,515	2,801
<b>Current liabilities</b>		
Trade and other payables	40,197	33,768
Taxation payable	2,423	2,964
	42,620	36,732
<b>Total liabilities</b>	<b>45,135</b>	<b>39,533</b>
<b>Total equity and liabilities</b>	<b>173,930</b>	<b>155,011</b>
<b>Net current assets</b>	<b>96,639</b>	<b>81,827</b>
<b>Total assets less current liabilities</b>	<b>131,310</b>	<b>118,279</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

*Nine months ended 30 September 2009*

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	General reserve <i>RMB'000</i>	Merger reserve <i>RMB'000</i>	Retained profits/ (accu- mulated losses) <i>RMB'000</i>	Attributable to equity holders of the Company <i>RMB'000</i>	Minority interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
At 1 January 2008	22,420	33,124	(590)	8,172	23,765	(1,712)	85,179	24	85,203
Dividends	—	—	—	—	—	—	—	(6)	(6)
Total comprehensive income for the period	—	—	(567)	—	—	11,094	10,527	(18)	10,509
At 30 September 2008	<u>22,420</u>	<u>33,124</u>	<u>(1,157)</u>	<u>8,172</u>	<u>23,765</u>	<u>9,382</u>	<u>95,706</u>	<u>—</u>	<u>95,706</u>
At 1 January 2009	26,128	44,939	(791)	10,644	22,036	12,522	115,478	—	115,478
Total comprehensive income for the period	—	—	(15)	—	—	13,332	13,317	—	13,317
At 30 September 2009	<u>26,128</u>	<u>44,939</u>	<u>(806)</u>	<u>10,644</u>	<u>22,036</u>	<u>25,854</u>	<u>128,795</u>	<u>—</u>	<u>128,795</u>

### 1. BASIS OF PREPARATION

The Group's unaudited condensed third quarterly financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Exchange (the "GEM Listing Rules") and the Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31 December 2008.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all of the new and revised HKFRSs that are relevant to its operations and effective for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies.

At the date of authorisation of these financial statements, the following HKFRSs were in issue but not yet effective:

		Effective date
HKFRS 1 (Revised)	First-time adoption of HKFRSs	(ii)
HKFRS 1 (Amendment)	First-time adoption of HKFRSs - additional exemptions for first-time adoptors	(iv)
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions	(iv)
HKFRS 3 (Revised)	Business combinations	(ii)
HKAS 27 (Revised)	Consolidated and separate financial statements	(ii)
HKAS 32 (Amendment)	Classification of rights issues	(v)
HKAS 39 (Amendment)	Financial instruments: Recognition and Measurement - Eligible hedged items	(ii)
HK(IFRIC) - Int 9 & HKAS 39 (Amendments)	Embedded derivatives	(i)
HK(IFRIC) - Int 17	Distributions of non-cash assets to owners	(ii)
HK(IFRIC) -Int 18	Transfers of assets from customers	(v)
2008 Improvements to HKFRSs that may result in accounting changes for presentation, recognition or measurement	- HKFRS 5	(ii)
2009 Improvements to HKFRSs that may result in accounting changes for presentation recognition or measurement	-HKAS 38, HKFRS 2, HK(IFRIC)-Int 9, HK(IFRIC)-Int 16	(i)
	-HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5, HKFRS 8	(iv)

### Effective date

- (i) Annual periods beginning on or after 30 June 2009
- (ii) Annual periods beginning on or after 1 July 2009
- (iii) Transfers of assets from customers received on or after 1 July 2009
- (iv) Annual periods beginning on or after 1 January 2010
- (v) Annual periods beginning on or after 1 February 2010

The Group is in the process of making an assessment of what the impact of these HKFRSs is expected to be in the period of their initial application.

### 3. TURNOVER

Turnover, which is also revenue, represents the sales value of goods supplied to customers, maintenance and consulting service fees receivable, net of goods returned, trade discounts, value added tax and business tax. The Group's products and services are mainly sold and provided to customers in the People's Republic of China (the "PRC"). The amount of each significant category of revenue recognised in turnover during the respective periods is as follows:

	Unaudited			
	Nine months ended		Three months ended	
	30 September		30 September	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Information				
service fees	25,028	25,463	8,376	7,675
Maintenance				
service fees	21,504	19,825	7,245	7,656
Sale of computer				
software	12,964	6,600	6,243	2,079
Others	473	958	193	378
	<u>59,969</u>	<u>52,846</u>	<u>22,057</u>	<u>17,788</u>

### 4. SEGMENT INFORMATION

#### (a) Business segment

No separate business segment information is presented as the Group has only one business segment, which is the distribution and maintenance of computer software.

#### (b) Geographical segment

All operating assets and operations of the Group during the nine months ended 30 September 2009 and 2008 were located in the PRC. Accordingly, no geographical segment information is presented.

## 5. OTHER INCOME

	Unaudited			
	Nine months ended		Three months ended	
	30 September		30 September	
	2009	2008	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Value added tax refund (Note i)	4,890	3,546	2,110	1,299
Interest income	1,438	1,123	454	432
Subsidy income (Note ii)	484	—	201	—
Sundries	91	29	73	11
	<u>6,903</u>	<u>4,698</u>	<u>2,838</u>	<u>1,742</u>

### Notes:

- (i) A tax concession has been granted by the PRC tax authority to the Company's PRC subsidiaries which are engaged in the development and trading of computer software. Under this concession, the PRC subsidiaries are entitled to a refund of value added tax ("VAT") paid in excess of an effective rate of 3%. The amount of VAT refund is recognised as other income on an accrual basis.
- (ii) Subsidy income for the nine months and three months ended 30 September 2009 represents subsidies received from Shanghai Finance Bureau to finance the development of advanced technology and is calculated based on the income tax, VAT and the business tax paid in the last year.

## 6. OTHER GAINS AND LOSSES

	Unaudited			
	Nine months ended		Three months ended	
	30 September		30 September	
	2009	2008	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gain on disposal of investments held for trading	111	—	31	—
Fair value gain on investments held for trading	10	1	—	1
Write back of other payables	—	553	—	238
Gain on disposal of property, plant and equipment	—	41	—	—
	<u>121</u>	<u>595</u>	<u>31</u>	<u>239</u>



## 7. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	Unaudited			
	Nine months ended		Three months ended	
	30 September		30 September	
	2009	2008	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation	<u>2,486</u>	<u>2,324</u>	<u>840</u>	<u>784</u>

## 8. INCOME TAX

	Unaudited			
	Nine months ended		Three months ended	
	30 September		30 September	
	2009	2008	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PRC foreign enterprise income tax	<u>1,828</u>	<u>2,550</u>	<u>443</u>	<u>835</u>

No provision for Hong Kong profits tax has been made for the periods as the Group had no assessable profit subject to Hong Kong profits tax. The provision for PRC taxation is based on the estimated taxable income for PRC taxation purposes at the appropriate rate applicable to each period.

Shanghai Qianlong Network Technology Company Limited is a PRC operating subsidiary of the Company newly set up in February 2007 in Pudong Shanghai. In accordance with the new PRC Enterprise Income Tax Law, a unified enterprise income tax rate of 25% will be applied to both domestic-invested enterprises and foreign-invested enterprises. Enterprises established prior to 16 March, 2007 eligible for preferential tax treatment in accordance with the currently prevailing tax laws and administrative regulations shall, under the regulations of the State Council, gradually be subject to the new tax rate over a five year transitional period until 2012. The Company continues to enjoy the preferential enterprise income tax rate of 20% in 2009.

Shanghai Qianlong Advanced Technology Company Limited, a PRC operating subsidiary of the Company, which is engaging in advanced technology operation is entitled to enterprise income tax rate of 15% according to Session 111 of the National Enterprise Income Tax Law in 2008.

## 9. BASIC EARNINGS PER SHARE

	Unaudited			
	Nine months ended 30 September 2009		Three months ended 30 September 2008	
Basic earnings per share (RMB cents)	<u>5.28</u>	<u>5.27</u>	<u>1.85</u>	<u>2.69</u>

The calculation of basic earnings per share for the nine months and three months ended 30 September 2009 is based on the profit attributable to equity holders of the Company of RMB 13,332,000 (2008: RMB 11,094,000) and RMB 4,679,000 (2008: RMB 5,656,000) respectively divided by the weighted average number of 252,600,000 (2008: 210,500,000) ordinary shares in issue during the period.

No diluted earnings per share has been presented as there were no potential dilutive ordinary shares in issue during the nine months and three months ended 30 September 2009 and 2008.

## 10. DIVIDENDS

The Board does not recommend the payment of any dividends attributable to the nine months ended 30 September 2009 and 2008.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

For the nine months ended 30 September 2009:

The total income has reached RMB59,969,000 (2008: RMB52,846,000), representing an increase of 13.48% as compared with the nine months ended 30 September 2008.

RMB25,028,000 (2008: RMB25,463,000) has been recorded as information service fees, representing a decrease of 1.71% as compared with the nine months ended 30 September 2008. Information service fees represent 41.73% (2008: 48.18%) of the turnover in the period.

RMB21,504,000 (2008: RMB19,825,000) has been recorded as maintenance service fees, representing an increase of 8.47% as compared with the nine months ended 30 September 2008. Maintenance service fees represent 35.86% (2008: 37.51%) of the turnover in the period.

RMB12,964,000 (2008: RMB6,600,000) has been recorded as sale of computer software, representing an increase of 96.42% as compared with the nine months ended 30 September 2008. Sale of computer software represents 21.62% (2008: 12.49%) of the turnover in the period.

The Group recorded a profit attributable to shareholders of RMB13,332,000 (2008: RMB11,094,000), representing an increase of 20.17%.

Basic earnings per share was RMB 5.28 cents (2008: RMB5.27 cents).

### **BUSINESS REVIEW**

In the three quarters of 2009, the production, sales, research and other work of the Group have achieved the target and are developing positively and healthily.

For the nine months ended 30 September 2009, the information service fee decreased RMB435,000 as compared to the same period of last year, mainly because of the 25.80% decrease of income from Gang Gu Tong. The income from L2 information fee has increased around 70.20% as compared to the same period of last year. The income from the maintenance services fee increased RMB1,679,000 as compared to the same period of last year. The sales income of computer software increased RMB6,364,000 as compared to the same period of last year because the income from Golden Eye increased RMB 4,920,000 from last year.

For nine months ended 30 September 2009, the cost of sales was RMB17,528,000 (2008: RMB15,481,000), representing an increase of 13.22% to the same period of last year. In these amount, the cost for Qianlong Gang Gu Tong was RMB7,111,000 (2008: RMB8,781,000), representing a decrease of 19% to the same period of last year. The cost RMB5,400,000 (2008: RMB3,879,000) has been used for L2, representing an increase of 39.20%

For the nine months ended 30 September 2009, the distribution cost and administration expenses was RMB 34,285,000 (2008: RMB28,705,000), representing an increase of 19.44% to the same period of last year. In these amount, the cost for staff was RMB18,474,000 (2008: RMB14,523,000), representing an increase of 27.21% to the same period of last year.

The management team and staff of the Group have full confidence to get new positive development with everybody's efforts and driven by pressures. On one hand, the Group continues to keep leading position on traditional network version market used for onsite transaction in securities houses; on the other hand, the Group catches market opportunities actively to analyse the market trend and expand the sales channel. With the improvement of domestic and international economy, the sales of products will turn better and the economic increase speed will be quicker.

A lot of business potentials are in the future. With the Qianlong's brand advantage, powerful research and sales capabilities, the Group will accelerate the organizational structure of products and get new developing opportunities by keeping old customers and exploring new markets continuously.

## **EQUITY TRANSFER AGREEMENT**

In March 2009, the Company established a wholly-owned subsidiary in Hong Kong named Qianlong Computer company Limited. In August 2009, this company entered into an equity transfer agreement with another wholly-owned subsidiary of the Company, Qianlong Computer Company Limited (incorporated in the British Virgin Islands) to purchase all of the shares of its wholly-owned subsidiary Shanghai Qianlong Advanced Technology Company Limited.

## **WORKING CAPITAL AND FINANCIAL RESOURCES**

The Group's capital used in operating and investment activities are generated from operation activities.

At 30 September 2009, the Group's cash and cash equivalents was RMB120,970,000, the total current assets was RMB139,259,000 and the total current liabilities was RMB42,620,000.

## **PRODUCT DEVELOPMENT**

The products and services on the whole-area solution of securities transaction business platform and new age of Qianlong financial information platform have achieved powerful development. With this development, on organizational user's market, the brand effect of Qianlong products has got further enhancement and the market edge on securities houses and funds has been strengthened. On financial data products, the specialized content of Longxun F10 targeted on the growth enterprise market of mainland China and achieved users' welcome. Qianlong information product has also caught up the market obviously. The consignment system is keeping developing and used stably in securities houses including Shenyin Wanguo Securities, Pacific Securities, Xinshiji Securities, Guolian Securities or online transaction.

On individual user products, the hot product Golden Eyes software has launched a higher version "Organizational version" targeted at professional users with abundant funds. Up to now, the standard version, the actual combat version and organizational version have formed a whole series of products which can fully meet varied kinds of investors' requirement. The traditional edge project Qianlong Gang Gu Tong is still keeping its advantage on both products performance and market share. At the same time, the Company cooperate with some leading companies in the industry actively and has the potential to develop the new market opportunities on the application of information and mobile securities.

With the continuous launch of Hong Kong stock market information, Golden Eyes series products, organizational information, stock index futures and other new information, Qianlong is keeping exploiting new horizon.

## **DEPLOYMENT OF HUMAN RESOURCES**

The total number of staff of the Group as at 30 September 2009 was 303 (30 September 2008: 242). The Group offers a remuneration package by reference to prevailing market conditions and performance, qualifications and experience of individual employees. Other benefits for employees include a retirement benefit, a provident fund and a medical plan. The total cost for staff for the nine months ended 30 September 2009 is approximately RMB18,474,000 (2008: RMB14,523,000), representing an increase of 27.21% as compared with the same period of the previous year.

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 30 September 2009 and 30 September 2008.

## **GEARING RATIO**

Since its establishment, the Group has neither made any loan arrangements with nor obtained any credit facilities from any financial institutions. Therefore, the gearing ratio of the Group, which is net borrowings over shareholders' funds, has remained zero. At the same time, the Group's assets have never been subject to any securities or mortgages.

## **EXPOSURE ON EXCHANGE RATE FLUCTUATION**

Most of the income and expenditure of the Group were denominated in RMB and only a little is denominated in Hong Kong dollars and United States dollars. Therefore, the Group considered the exchange rate fluctuation exposure is small and thus no financial instruments have been adopted for hedging purposes.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

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

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2009, the interests of the Directors and chief executives in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Name of Directors	Type of Interests	Number of shares held	Percentage of the Company's issued share capital
Liao Chao Ping	Personal	5,000,000	1.979%
Chen Shen Tien	Corporate (note (i) and (ii))	40,250,000	15.934%
Fan Ping Yi	Corporate (note (i) and (ii))	24,500,000	9.699%
Yang Ching Shou	Corporate (note (i) and (ii))	24,500,000	9.699%
Chen Ming Chuan	Corporate (note (i) and (ii))	18,375,000	7.274%
Yu Shih Pi	Corporate (note (i) and (ii))	14,875,000	5.889%

*Note:*

- (i) As at 30 September 2009, Mr. Chen Shen Tien is the sole shareholder of Red Coral Financial Limited which holds 40,250,000 shares, representing a 15.934% interest in the Company. Mr. Fan Ping Yi and his spouse, Ms. Ko Hsiu Fen, own the entire issued share capital of Sapphire World Investment Limited which holds 24,500,000 shares, representing a 9.699% interest in the Company. Mr. Yang Ching Shou and his spouse, Ms. Lai Ying Ming, own the entire issued share capital of Legend Isle Technology Limited which holds 24,500,000 shares, representing a 9.699% interest in the Company. Mr. Chen Ming Chuan is the sole shareholder of Star Channel Technology Limited which holds 18,375,000 shares, representing a 7.274% interest in the Company. Mr. Yu Shih Pi is the sole shareholder of Star Orient Global Limited which holds 14,875,000 shares, representing a 5.889% interest in the Company.
- (ii) According to the register of substantial shareholders required to be maintained under section 336 of the SFO, the Company has been notified of these interests, being 5% or more of the issued share capital of the Company.

Save as disclosed above, as at 30 September 2009, none of the Directors or chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

## **SUBSTANTIAL INTERESTS IN THE SHARES AND UNDERLYING SHARES**

As at 30 September 2009, in addition to those interests as disclosed above in respect of the Directors, according to the register of substantial shareholders required to be maintained under section 336 of the SFO, the Company had been notified of the following interests, being 5% or more in the issued share capital of the Company.

<b>Name</b>	<b>Number of the shares held</b>	<b>Percentage of the Company's issued share capital</b>
Red Coral Financial Limited	40,250,000	15.934%
Sapphire World Investment Limited	24,500,000	9.699%
Legend Isle Technology Limited	24,500,000	9.699%
Star Channel Technology Limited	18,375,000	7.274%
Star Orient Global Limited	14,875,000	5.889%

*Note:*

- (i) As at 30 September 2009, Mr. Chen Shen Tien is the sole shareholder of Red Coral Financial Limited which holds 40,250,000 shares, representing a 15.934% interest in the Company. Mr. Fan Ping Yi and his spouse, Ms. Ko Hsiu Fen, own the entire issued share capital of Sapphire World Investment Limited which holds 24,500,000 shares, representing a 9.699% interest in the Company. Mr. Yang Ching Shou and his spouse, Ms. Lai Ying Ming, own the entire issued share capital of Legend Isle Technology Limited which holds 24,500,000 shares, representing a 9.699% interest in the Company. Mr. Chen Ming Chuan is the sole shareholder of Star Channel Technology Limited which holds 18,375,000 shares, representing a 7.274% interest in the Company. Mr. Yu Shih Pi is the sole shareholder of Star Orient Global Limited which holds 14,875,000 shares, representing a 5.889% interest in the Company.

Save as disclosed above, the Directors were not aware of any other person (other than Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares or debentures of the Company as recorded in the register required to be kept under section 336 of SFO.



## **REMUNERATION OF DIRECTORS**

The remuneration committee was established in November 2005. The chairman of the committee is Ms. Chiu Kam Hing, Kathy, an independent non-executive Director, and other members include Mr. Chang Long Teng and Mr. Cheong Chan Kei, Ernest, both being independent non-executive Directors.

The function of the remuneration committee includes the determination of the specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment and suggestions to the Board.

## **NOMINATION OF DIRECTORS**

The Board is responsible for considering the suitability of a candidate to act as a director, and approving and terminating the appointment of a director. The Company has not set up any nomination committee for the nine months ended 30 September 2009.

The Chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman will propose the appointment of such candidates to each member of the Board for consideration and each member of the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of his qualifications, experience and background. The decision of appointing a director must be approved unanimously by the members of the Board and make recommendation to the shareholders' meeting for approval.

## **AUDIT COMMITTEE**

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules in the year of 1999. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises three members, Ms. Chiu Kam Hing, Kathy, Mr. Chang Long Teng and Mr. Cheong Chan Kei, Ernest, all of them are independent non-executive Directors. Ms. Chiu Kam Hing, Kathy is the chairman of the audit committee.

The audit committee has already reviewed the Group's unaudited consolidated results for the nine months ended 30 September 2009, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements.

## **INTERNAL CONTROL**

The Company has conducted a review of its system of internal control periodically to ensure it is effective and adequate. The Company convened meeting periodically to discuss financial, operational and risk management control.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

For the nine months ended 30 September 2009, the Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

For the nine months ended 30 September 2009, the Directors are not aware of any business or interest of the Directors, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the nine months ended 30 September 2009.

By order of the Board  
**Qianlong Technology International Holdings Limited**  
**Liao Chao Ping**  
*Chairman*

12 November 2009

*As at the date of this announcement, the Board comprises six executive Directors, being Mr. Liao Chao Ping, Mr. Fan Ping Yi, Mr. Yang Ching Shou, Mr. Chen Shen Tien, Mr. Chen Ming Chuan and Mr. Yu Shi Pi, and three independent non-executive Directors, being Ms. Chiu Kam Hing, Kathy, Mr. Chang Long Teng and Mr. Cheong Chan Kei, Ernest.*