



## 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)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

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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 Stock 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.*

## HIGHLIGHTS

- Turnover in the year ended 31 December 2009 increased by 18.18% to RMB84,146,000 (2008: RMB71,200,000)
- Profit attributable to owners of the Company in the year ended 31 December 2009 increased by 9.84% to RMB18,437,000 (2008: RMB16,786,000)
- Basic and diluted earnings per share was RMB7.30 cents (2008: RMB7.62 cents).

## ANNUAL RESULTS (AUDITED)

The board of Directors (the “Board”) of Qianlong Technology International Holdings Limited (the “Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2009 together with the comparative audited figures for the corresponding year in 2008 as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	<i>Notes</i>	<b>2009</b> <i>RMB'000</i>	<b>2008</b> <i>RMB'000</i>
Turnover	4	84,146	71,200
Cost of sales		<u>(24,360)</u>	<u>(20,057)</u>
Gross profit		59,786	51,143
Other income	6	10,921	6,820
Other gains and losses	7	(9)	2,255
Selling and distribution costs		(22,866)	(17,304)
Administrative expenses		<u>(26,084)</u>	<u>(23,091)</u>
Operating profit		21,748	19,823
Share of loss of an associate		<u>—</u>	<u>(269)</u>
Profit before income tax	8	21,748	19,554
Income tax	9(a)	<u>(3,311)</u>	<u>(2,768)</u>
Profit for the year attributable to owners of the Company		18,437	16,786
Other comprehensive income for the year: Exchange differences on translating foreign operations		<u>(483)</u>	<u>(425)</u>
Total comprehensive income for the year attributable to owners of the Company		<u><u>17,954</u></u>	<u><u>16,361</u></u>
Earnings per share - Basic and diluted	11	<u><u>RMB0.0730</u></u>	<u><u>RMB0.0762</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	<i>Notes</i>	<b>2009</b> <i>RMB'000</i>	<b>2008</b> <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<u>35,086</u>	<u>36,452</u>
<b>Current assets</b>			
Inventories		77	26
Trade and other receivables	13	4,363	3,641
Deposits and prepayments		5,277	1,990
Investments held for trading		8,000	14,073
Cash and cash equivalents		<u>132,362</u>	<u>98,829</u>
<b>Total current assets</b>		<u>150,079</u>	<u>118,559</u>
<b>Total assets</b>		<u>185,165</u>	<u>155,011</u>
<b>Current liabilities</b>			
Trade and other payables	14	44,897	33,768
Tax payable		<u>1,851</u>	<u>2,964</u>
<b>Total current liabilities</b>		<u>46,748</u>	<u>36,732</u>
<b>Net current assets</b>		<u>103,331</u>	<u>81,827</u>
<b>Total assets less current liabilities</b>		<u>138,417</u>	<u>118,279</u>
<b>Non-current liabilities</b>			
Deferred revenue		3,541	2,801
Deferred tax liabilities	10	<u>1,291</u>	<u>—</u>
<b>Total non-current liabilities</b>		<u>4,832</u>	<u>2,801</u>
<b>Total liabilities</b>		<u>51,580</u>	<u>39,533</u>
<b>TOTAL NET ASSETS</b>		<u>133,585</u>	<u>115,478</u>
<b>Equity attributable to owners of the Company</b>			
Share Capital		26,128	26,128
Reserves		<u>107,457</u>	<u>89,350</u>
<b>TOTAL EQUITY</b>		<u>133,585</u>	<u>115,478</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	General reserve RMB'000	Merger reserve RMB'000	Retained profits/ (accu- mulated losses) RMB'000	Equity attributable to owners of the Company RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2008	22,420	33,124	(590)	8,172	23,765	(1,712)	85,179	24	85,203
Total comprehensive income for the year	—	—	(425)	—	—	16,786	16,361	—	16,361
Deregistration of subsidiaries	—	—	224	(80)	(1,729)	—	(1,585)	(24)	(1,609)
Issue of shares	3,708	11,864	—	—	—	—	15,572	—	15,572
Share issue expenses	—	(49)	—	—	—	—	(49)	—	(49)
Appropriation	—	—	—	2,552	—	(2,552)	—	—	—
Balance at 31 December 2008 and 1 January 2009	26,128	44,939	(791)	10,644	22,036	12,522	115,478	—	115,478
Total comprehensive income for the year	—	—	(483)	—	—	18,437	17,954	—	17,954
Deregistration of a subsidiary	—	—	(2,409)	—	2,562	—	153	—	153
Appropriation	—	—	—	3,373	—	(3,373)	—	—	—
Balance at 31 December 2009	<u>26,128</u>	<u>44,939</u>	<u>(3,683)</u>	<u>14,017</u>	<u>24,598</u>	<u>27,586</u>	<u>133,585</u>	<u>—</u>	<u>133,585</u>

### NOTES

#### 1. Corporate information

The Company was incorporated as an exempted company with limited liability in Cayman Islands on 6 May 1998 under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Ugland House, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies.

The Company is an investment holding company. The principal activities of the Group are the research, development and distribution of software, and the provision of related maintenance, usage and information services in the People's Republic of China (the "PRC").

## 2. Adoption of Hong Kong Financial Reporting Standards

- (a) In the current year, the Group has adopted the following new or revised 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 that are effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 and HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) — Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) — Interpretation 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Interpretation 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Interpretation 18	Transfers of Assets from Customers

The adoption of the above new or revised HKFRSs had no material effect on the reported results or financial position of the Group for both the current and prior reporting periods, except for certain presentational change as a result of adopting HKAS 1 (Revised). The statement of financial position, previously known as balance sheet, at the beginning of the year of 2008 has not been presented as there were no changes to the originally published statement.

In addition, the amendments to HKFRS 7 expand the disclosures relating to fair value measurements for financial instruments that are measured at fair value and liquidity risk of financial liabilities. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision.

(b) Potential impact arising on HKFRSs not yet effective

The following new or revised HKFRSs, potentially relevant to the Group, have been issued but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>2</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners <sup>1</sup>
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments <sup>3</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>4</sup>
HKFRS 9	Financial Instruments <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2010

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The Group is in the process of making an assessment of the potential impact of other new or revised HKFRSs in the period of their initial application.

### 3. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified for certain financial instruments which are carried at fair value.

### 4. Turnover

Turnover represents the sales value of goods supplied to customers and the service fees receivable, net of goods returned, trade discounts, business tax and value added tax. The Group’s products and services are mainly sold and provided to customers in the PRC. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	<b>2009</b> <i>RMB’000</i>	<b>2008</b> <i>RMB’000</i>
Maintenance service and usage fees	37,834	27,484
Information service fees	35,016	34,774
Sale of computer software	10,507	7,823
Others	<u>789</u>	<u>1,119</u>
	<u>84,146</u>	<u>71,200</u>

### 5. Segment reporting

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

(a) Reportable segments

No separate segment information is presented as the Group has only one business segment used by the chief operation decision-maker to make strategic decision, which is the distribution and usage of software and provision of related maintenance and information services.

(b) Geographical information

All operating assets and operations of the Group during the years ended 31 December 2009 and 2008 were located in the PRC.

(c) Information about major customer

Revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue for the years ended 31 December 2009 and 2008.

**6. Other income**

	<b>2009</b> <i>RMB'000</i>	<b>2008</b> <i>RMB'000</i>
Value added tax refund (Note (a))	7,084	4,970
Interest income	1,736	1,769
Subsidy income (Note (b))	1,921	—
Sundries	<u>180</u>	<u>81</u>
	<u>10,921</u>	<u>6,820</u>

*Notes:*

- (a) 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 paid in excess of an effective rate of 3%. The amount of value added tax refund is recognised as other income on an accrual basis.
- (b) Subsidy income for the year ended 31 December 2009 mainly represented a subsidy of RMB1.4 million received from Science and Technology Commission of Shanghai Municipality to finance the development of advanced technology and subsidies totalling RMB0.5 million received from Shanghai Finance Bureau to finance the development of advanced technology and was calculated based on 50% of the business tax, value added tax and enterprise income tax paid to the local government last year.

**7. Other gains and losses**

	<b>2009</b> <i>RMB'000</i>	<b>2008</b> <i>RMB'000</i>
(Loss)/gain on deregistration of subsidiaries	(153)	1,609
Gain on disposal of investments held for trading	121	81
Write back of other payables	23	386
Gain on disposal of property, plant and equipment	—	106
Fair value gain on investments held for trading	<u>—</u>	<u>73</u>
	<u>(9)</u>	<u>2,255</u>



## 8. Profit before income tax

	<b>2009</b>	<b>2008</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax is stated after charging/(crediting) the following:		
Cost of inventories expensed	257	379
Cost of service fees	21,476	16,596
Commission paid to distributors	—	1,020
Depreciation of property, plant and equipment	3,344	3,142
Exchange (gain)/loss, net	(450)	311
Staff costs excluding directors' remuneration:		
Salaries and allowances	22,987	18,462
Pension fund contributions	3,936	2,965
Auditor's remuneration:		
Current year	453	427
Underprovision in prior year	30	25
Research and development costs	12,879	7,256
Lease payments under operating leases in respect of land and buildings	714	653
Impairment loss on trade receivables (Note 13)	<u>155</u>	<u>—</u>

## 9. Income tax

- (a) The amount of income tax in the consolidated statement of comprehensive income represents:

	<b>2009</b>	<b>2008</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax — PRC foreign enterprise income tax		
— Provision for the year	2,180	2,768
— Overprovision in respect of prior year	<u>(160)</u>	<u>—</u>
	2,020	2,768
Deferred tax — Withholding tax (Note 10)		
— Charge for the year	<u>1,291</u>	<u>—</u>
	<u>3,311</u>	<u>2,768</u>

No provision for Hong Kong profits tax has been made as the Group had no assessable profit subject to Hong Kong profits tax for the current and prior years.

On 16 March 2007, the National People’s Congress approved the PRC Enterprise Income Tax Law (“New Tax Law”), which became effective from 1 January 2008. In accordance with the New Tax Law, the 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.

Shanghai Qianlong Network Technology Company Limited, a PRC operating subsidiary of the Company set up in February 2007 in Pudong Shanghai, is entitled to a preferential enterprise income tax rate of 20% for the current year (2008: 18%).

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

- (b) The income tax for the year can be reconciled to the profit before income tax as stated in the consolidated statement of comprehensive income as follows:

	<b>2009</b> <i>RMB’000</i>	<b>2008</b> <i>RMB’000</i>
Profit before income tax	<u>21,748</u>	<u>19,554</u>
Taxation calculated at PRC foreign enterprise income tax rate of 25% (2008:25%)	5,437	4,888
Tax effect of expenses not deductible for taxation purposes	243	24
Tax effect of non-taxable items	(1,959)	(756)
Deferred tax assets not recognised	92	264
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,633)	(1,652)
Overprovision in respect of prior year	(160)	—
Deferred tax liabilities relating to withholding income tax on undistributed profits	<u>1,291</u>	<u>—</u>
Income tax for the year	<u>3,311</u>	<u>2,768</u>

## 10. Deferred tax

Under the New Tax Law, with effect from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding income tax at the rate of 10% on various types of passive income such as dividends derived from sources in the PRC. Pursuant to the double tax arrangement between the PRC and Hong Kong effective 8 December 2006, the withholding income tax rate will be reduced to 5% if the investment by the Hong Kong investor in the invested entities in the PRC is not less than 25%. On 22 February 2008, the Minister of Finance and State Administration of Tax approved Caishui (2008) No 1, pursuant to which dividend distribution out of pre-2008 retained earnings of foreign investment enterprises will be exempted from withholding income tax. Deferred tax liabilities relating to withholding income tax of RMB1,291,000 has been recognised in current year in respect of the undistributed profits of a subsidiary in the PRC for the years ended 31 December 2008 and 2009.

As at 31 December 2008, the Group had no significant deferred tax assets or liabilities.

## 11. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB18,437,000 (2008: RMB16,786,000) and the weighted average number of 252,600,000 ordinary shares (2008: 220,188,767) in issue during the year.

Diluted earnings per share for the years ended 31 December 2009 and 2008 are the same as the basic earnings per share as there were no dilutive potential ordinary shares in issue for these years.

## 12. Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2009 (2008: RMBNil).

## 13. Trade and other receivables

	The Group		The Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	2,487	2,458	—	—
Less: impairment loss recognised (Note 8)	<u>(155)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Trade receivables — net	2,332	2,458	—	—
Other receivables	<u>2,031</u>	<u>1,183</u>	<u>—</u>	<u>271</u>
	<u>4,363</u>	<u>3,641</u>	<u>—</u>	<u>271</u>

- (a) The Group's policy is to allow an average credit period of 30 days from the date of billing to its trade customers. All trade receivables are denominated in Renminbi.
- (b) At 31 December 2009, the Group's trade receivables of about RMB155,000 (2008:RMBNil) were individually determined to be impaired. The individually impaired receivables related to debts that are long outstanding and management expected these debts to be irrecoverable. The Group does not hold any collateral over these balances.
- (c) The following is an ageing analysis of trade receivables, based on the invoice date and net of impairment loss, at the end of the reporting period:

	<b>The Group</b>	
	<i>2009</i>	<i>2008</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	1,257	1,192
1 to 3 months	532	623
More than 3 months but less than 12 months	490	537
More than 12 months	<u>53</u>	<u>106</u>
	<u><u>2,332</u></u>	<u><u>2,458</u></u>

- (d) The ageing analysis of trade receivable that are neither individually nor collectively considered to be impaired are as follows:

	<b>The Group</b>	
	<i>2009</i>	<i>2008</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Neither past due nor impaired	1,062	1,255
Less than 1 month past due	1,143	754
1 to 3 months past due	11	143
More than 3 months but less than 12 months past due	<u>116</u>	<u>306</u>
	<u><u>2,332</u></u>	<u><u>2,458</u></u>

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.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

- (e) The directors consider that the carrying amount of trade and other receivables approximates their fair value.

#### 14. Trade and other payables

	<b>The Group</b>		<b>The Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	2,285	1,416	—	—
Receipts in advance	844	379	—	—
Other payables	2,453	1,805	—	—
Accruals	3,295	4,473	100	111
Deferred revenue	<u>36,020</u>	<u>25,695</u>	<u>—</u>	<u>—</u>
	<u>44,897</u>	<u>33,768</u>	<u>100</u>	<u>111</u>

- (a) The following is an ageing analysis of trade payables, based on the invoice date, at the end of the reporting period:

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	1,203	707
1 to 3 months	932	672
More than 3 months but less than 12 months	147	37
More than 12 months	<u>3</u>	<u>—</u>
	<u>2,285</u>	<u>1,416</u>

- (b) The carrying amounts of trade payables are denominated in the following currencies:

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Renminbi	574	141
Hong Kong dollars	<u>1,711</u>	<u>1,275</u>
	<u>2,285</u>	<u>1,416</u>

- (c) All other payables and accruals are expected to be settled within one year.
- (d) The directors consider that the carrying amounts of trade and other payables approximate their fair values.

#### CHAIRMENT'S STATEMENT

On behalf of the Board, I am pleased to present the annual results of the Company and its subsidiaries for the year ended 31 December 2009 to our shareholders and investors.

## **FINANCIAL REVIEW**

For the year ended 31 December 2009, the Group made great achievements and reported a turnover of RMB84,146,000, representing an increase of RMB12,946,000 as compared with RMB71,200,000 for the same period of the previous year. This increase is mainly due to increase in maintenance service and usage fees for the year.

For the year ended 31 December 2009, the Group has recorded revenue of RMB37,834,000 from maintenance service and usage fees representing an increase of 37.66% from the same period of last year (2008: RMB27,484,000). Income from information service fee was RMB35,016,000 representing an increase of 0.70% from the same period of last year (2008: RMB34,774,000). The income from sale of computer software was RMB10,507,000 representing an increase of 34.31% from the same period of last year (2008: RMB7,823,000). The other income was RMB789,000 (2008: RMB1,119,000).

The increase in revenue resulted in greater profit for the year. The Group recorded a net profit attributable to owners of the Company of RMB18,437,000 for the year ended 31 December 2009, representing an increase of 9.84% as compared with RMB16,786,000 for the same period of the previous year.

The basic and diluted earnings per share was RMB7.30 cents (2008: RMB7.62 cents).

## **BUSINESS SUMMARY AND PROSPECTS**

During the year of 2009, the securities market stepped out of the economic crisis. With this trend, the development of Qianlong products made great achievements.

In the organizational users' market, the application of securities analysis system, based on a new style of Linux platform for securities houses has achieved great advancement. The platform supporting the announcement of the securities houses has been completed and the Company has increased new products for goods futures information. The brand influence of Qianlong series of products was enhanced further and the market edge was strengthened. On financial data products, the specialized content of Longxun F10 targeting the growth enterprise market of mainland China achieved users' welcome. Qianlong information products has also caught up the market obviously. The consignment system continues to grow and be used stably in securities houses including Shenyin Wanguo Securities, Pacific Securities, Hualong Securities, Hexing Securities, Chenhao Securities, Xinshiji Securities, Guolian Securities, Xintai Securities, Yinhe Securities, West Securities, South-west Securities, Yinda Securities, Hongta Securities, Zhongyin International, Caifu securities or for online transaction.

On individual user products, with the launch of a higher version “Organizational version” of the Golden Eyes software, the Company has developed a series of products serving varied professional and other investors with high, middle or low level of consuming ability and a series of products specialized on “Research market’s main force”. Not only has the sales income increased stably, but the reputation in the whole investors’ group has also increased, achieving a leading position on market.

The traditionally leading product Qianlong Gang Gu Tong continues to advance. High level data service such as Hong Kong Index futures has been added and the advanced version “Hand of Midas” has also been launched. Feedback from users were very good and the prospect of strengthening the competitive edge in the Hong Kong stock information services market increases.

At the same time, Qianlong continues to tract new product opportunities, obtaining information business license from China Financial Futures Exchange. Qianlong completed the development of professional analysis system targeting to stock index and futures. Once the product formally launch to the market, the related professional analysis software will immediately bring significant revenue.

With continuous innovation and breakthrough, Qianlong owns the most complete product line in the industry without any doubt. From the line of software to tailored products, from system instruments to end user analysis software, from strengthened products to information platform, from data service to total resolution, Qianlong provides all areas of service including information, analysis, transaction and information platform.

With the continuous development with Qianlong Gang Gu Tong , Golden products, Organizational information, Index futures and other new style of information, Qianlong is keeping exploring the new articles.

## **PROSPECTS**

I would like to express my heartfelt gratitude to the staff of the Group for their tremendous efforts as well as to all business partners and shareholders for their kind support to the Group. I would like to express my appreciation to all members of the Board for their contributions.

## **MANAGEMENTS' DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

During 2009, the Group's growth is excellent with increase in sales and continuous market expansion. As China's economy recovers, the equity market faces increased transactions and strong growth. During this market change, the Group's management team is launching new products and accelerating adjustments to product structure; increasing investment in research, actively developing new product and enhancing the quality of current product; expanding human resource team by combining outside recruitment and inside training to establish good human resources and technical reserve; improving current business structure, encouraging business innovation; strengthening sales team, building services structure and improving service standard.

During 2009, the Group has launched a set of even better end-user product, the Golden Eyes series. Based on Level-2 real-time information data authorized by Shanghai Securities Exchange, the Group has developed an information analysis software to monitor investment direction of market movers and disclosing the stock holding changes of such investors. The Group not only uses a highly efficient fund monitoring model and multi-element compound analysis technology but also combines the technology of trend analysis and market monitor. It uses the simplest style to show the complexity of the investment world. Currently, there are three products launched to the market. They are the standard, intermediate and advanced versions which meet different style of investors.

For the year ended 31 December 2009, the Group has recorded RMB32,101,000 on Gang Gu Tong and Level-2 products, representing 38.15% of the total turnover.

For the year ended 31 December 2009, the Group has recorded RMB28,571,000 on the traditional version for transaction in securities brokerages, representing 33.95% of the total turnover.

### **EQUITY TRANSFER AGREEMENT**

In March 2009, the Company has established a wholly owned subsidiary in Hong Kong, Qianlong Computers Company Limited. In August 2009, this company has signed an equity transfer agreement with a wholly owned subsidiary of the Company, Qianlong Computers Company Limited (incorporated in British Virgin Islands), to purchase all its equity interest in Shanghai Qianlong Advanced Technology Company Limited.



## **MAJOR INVESTMENT**

As at 31 December 2009, the Group's subsidiary Shanghai Qianlong Advanced Technology held unlisted investment fund of RMB8,000,000. The term of the investment fund is 6 months and matured on 10 March 2010.

## **ADMINISTRATIVE EXPENSES**

For the year ended 31 December 2009, administrative expenses increased from RMB23,091,000 in 2008 to RMB26,084,000 in 2009, representing an increase of 12.96%. The increase was mainly due to increase in staff costs and other administrative expenses as a result of the business expansion of two subsidiaries, Shanghai Qianlong Advanced Technology Company Limited and Shanghai Qianlong Network Technology Company Limited.

## **WORKING CAPITAL AND FINANCIAL RESOURCES**

For the year ended 31 December 2009, the Group's working capital and financial resources improved as compared to that in the previous year. As at 31 December 2009, the Group's cash and cash equivalents was RMB132,362,000 (2008: RMB98,829,000). Therefore, the Group's financial status is still stable.

## **DEPLOYMENT OF HUMAN RESOURCES**

The total number of staff of the Group as at 31 December 2009 was 318 (2008: 265). 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. In the year, the total cost for staff (including salary, bonus and other benefits) is approximately RMB26,923,000 (2008: RMB21,427,000).

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 31 December 2009 and 31 December 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. 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 LISTED SECURITIES OF THE COMPANY**

During the year ended 31 December 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **AUDIT COMMITTEE**

The Company established an audit committee in 1999 with written terms of reference pursuant to the GEM Listing Rules. The audit committee comprises 3 independent non-executive Directors namely Ms. Chiu Kam Hing, Kathy, Mr. Chang Long Teng and Mr. Cheong Chan Kei, Ernest. Ms. Chiu Kam Hing, Kathy is the chairman of the audit committee.

One of the duties of the audit committee is to review and supervise the financial reporting process and internal control systems of the Group, and to provide advice and comments to the Board. The audit committee has reviewed the Group's audited consolidated results and annual report for the year ended 31 December 2009.

## **CORPORATE GOVERNANCE REPORT**

### **INTRODUCTION**

The Board considers that good corporate governance of the Company is central to safeguarding the interests of the shareholders and enhancing the performance of the Company. The Board is committed to maintaining and ensuring high standards of corporate governance. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

The Company has complied with all the code provisions on Corporate Governance Practices during the year of 2009.

## **DIRECTORS' SECURITIES TRANSACTIONS**

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 year ended 31 December 2009.

## **BOARD OF DIRECTORS AND BOARD MEETING**

The Board which comprises nine Directors, is responsible for corporate strategy, annual and interim results, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual and interim accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Details of backgrounds and qualifications of the chairman of the Company and the other Directors are set out in the Directors' Report. All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. There's no relationship among the members of the Board.

To improve the transparency and independency of the corporate governance, Mr. Liao Chao Ping and Mr. Yang Ching Shou have been appointed as the chairman and chief executive officer of the Company respectively.

The Company also appointed three independent non-executive Directors to comply with Rules 5.05 (1) and (2) of the GEM Listing Rules. Among them, at least one has appropriate and sufficient qualification or professional in accounting or related financial management.

The Company has received the annual claim from every independent non-executive director to confirm their independency and consider related directors are all independent according to every difference indicated on Rule 5.09 of the GEM Listing Rules.

The Board held a board meeting for each quarter in every year. Apart from the regular board meetings of the year, the Board will meet on other occasions when a board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision and minutes of committee meetings in advance of each board meeting.

Details of the attendance of the Board are as follows:

<b>Executive Directors</b>	<b>Attendance</b>
Mr. Liao Chao Ping (chairman)	4/4
Mr. Fan Ping Yi	4/4
Mr. Yang Ching Shou (chief executive officer)	4/4
Mr. Chen Shen Tien	4/4
Mr. Chen Ming Chuan	4/4
Mr. Yu Shih Pi	4/4
 <b>Independent Non-executive Directors</b>	
Ms. Chiu Kam Hing, Kathy	4/4
Mr. Chang Long Teng	4/4
Mr. Cheong Chan Kei, Ernest	4/4

During the regular board meetings, the directors discuss and formulate the whole strategy of the Group, monitor the financial performance and discuss annual, interim and quarterly achievements and discuss and make important decisions.

For every board meeting, there are detailed meeting records to record related agenda including all the decisions made on board meeting and all the matters raised by directors and objections (if appropriate). After the conclusion of board meeting, the meeting agenda will be sent to all the directors immediately when it is feasible. Every director has the right to check all the meeting agenda within any reasonable period.

Under the code provision A4.2 of the Corporate Governance, every Director should be subject to retirement by rotation at least once every three years. However, according to the Company's articles of association, the chief executive officer is not required to retire by rotation. Therefore at the date of this report, Mr. Yang Ching Shou, the chief executive officer is not required to retire by rotation.

## **CHAIRMAN OF THE GROUP**

The roles of the Chairman and Chief Executive Officer are separated and the positions are held by separate individuals to avoid the rights centralization. The chairman of the Group takes responsibility to lead and arrange operation of Board efficiently to make sure the Board can discuss all the important and operational business efficiently and in time. While the Chief Executive Officer's main responsibility is the operation of the Group's business and implementation of the Group's strategy to achieve the whole operation target.

The Chairman also encourages all the Directors including independent non-executive Directors to participate in the board meeting and committee meeting actively.

## **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 included 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.

## **AUDITOR'S REMUNERATION**

The audit committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the Group is required to pay an aggregate of approximately RMB483,000 to the external auditor for their services including audit and other advisory services.

## AUDIT COMMITTEE

The Company established an audit committee in 1999 with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules.

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 held 4 meetings during the year under review. Details of the attendance of the audit committee meetings are as follows:

<b>Members</b>	<b>Attendance</b>
Ms. Chiu Kam Hing, Kathy	4/4
Mr. Chang Long Teng	4/4
Mr. Cheong Chan Kei, Ernest	4/4

The Group's unaudited quarterly and interim results and annual audited results during the year ended 31 December 2009 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

## 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 in 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 by the Board.

## **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group.

## **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 meetings periodically to discuss financial, operational and risk management control.

## **INVESTOR RELATIONS**

The Company has disclosed all necessary information to the shareholders in compliance with the GEM Listing Rules. The Directors host an annual general meeting to meet the shareholders and answer their enquiries.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of The Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the Company's website at [www.qianlong.com.hk](http://www.qianlong.com.hk). The annual report for the financial year will be despatched to the shareholders and available on the same website in due course.

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

19 March 2010, Hong Kong

*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, Peter, 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.*

*This announcement will remain on the "Latest Company Announcement" page of the GEM website for at least 7 days from the date of its posting.*

*\* For identification purpose only*