



**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 2010**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE  
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK 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 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 2010 increased by 33.62% to RMB112,436,000 (2009: RMB 84,146,000)
- Profit attributable to owners of the Company in the year ended 31 December 2010 increased by 22.44% to RMB22,574,000 (2009: RMB 18,437,000).
- Basic and diluted earnings per share was RMB 8.94 cents (2009:RMB7.30 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 2010 together with the comparative audited figures for the corresponding year in 2009 as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

		<b>2010</b>	<b>2009</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	4	112,436	84,146
Cost of sales		(30,586)	(24,360)
Gross profit		81,850	59,786
Other income	6	15,281	10,921
Other gains and losses	7	261	(9)
Selling and distribution costs		(42,668)	(22,866)
Administrative expenses		(30,570)	(26,084)
Profit before income tax	8	24,154	21,748
Income tax	9(a)	(1,580)	(3,311)
Profit for the year attributable to owners of the Company		22,574	18,437
Other comprehensive income for the year			
Exchange differences on translating foreign operations		(1,028)	(483)
Total comprehensive income for the year attributable to owners of the Company		21,546	17,954
Earnings per share			
- Basic and diluted	11	RMB0.0894	RMB0.0730

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

		<b>2010</b>	<b>2009</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		33,456	35,086
Deposit paid for acquisition of leasehold land and building		3,000	—
<b>Total non-current assets</b>		<u>36,456</u>	<u>35,086</u>
<b>Current assets</b>			
Inventories		76	77
Trade and other receivables	13	6,873	4,363
Deposits and prepayments		3,179	5,277
Investments held for trading		8,000	8,000
Cash and cash equivalents		161,883	132,362
<b>Total current assets</b>		<u>180,011</u>	<u>150,079</u>
<b>Total assets</b>		<u>216,467</u>	<u>185,165</u>
<b>Current liabilities</b>			
Trade and other payables	14	13,267	8,877
Deferred revenue		49,647	36,020
Tax payable		2,557	1,851
<b>Total current liabilities</b>		<u>65,471</u>	<u>46,748</u>
<b>Net current assets</b>		<u>114,540</u>	<u>103,331</u>
<b>Total assets less current liabilities</b>		<u>150,996</u>	<u>138,417</u>
<b>Non-current liabilities</b>			
Deferred revenue		6,528	3,541
Deferred tax liabilities	10	355	1,291
<b>Total non-current liabilities</b>		<u>6,883</u>	<u>4,832</u>
<b>Total liabilities</b>		<u>72,354</u>	<u>51,580</u>
<b>NET ASSETS</b>		<u>144,113</u>	<u>133,585</u>
<b>Equity attributable to owners of the Company</b>			
Share capital		26,128	26,128
Reserves		117,985	107,457
<b>TOTAL EQUITY</b>		<u>144,113</u>	<u>133,585</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Reserves						Total equity <i>RMB'000</i>
	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 <i>RMB'000</i>	
<b>Balance at 1 January 2009</b>	26,128	44,939	(791)	10,644	22,036	12,522	115,478
Profit for the year	—	—	—	—	—	18,437	18,437
Other comprehensive income	—	—	(483)	—	—	—	(483)
Total comprehensive income	—	—	(483)	—	—	18,437	17,954
Deregistration of a subsidiary	—	—	(2,409)	—	2,562	—	153
Appropriation	—	—	—	3,373	—	(3,373)	—
<b>Balance at 31 December 2009 and 1 January 2010</b>	<b>26,128</b>	<b>44,939</b>	<b>(3,683)</b>	<b>14,017</b>	<b>24,598</b>	<b>27,586</b>	<b>133,585</b>
Profit for the year	—	—	—	—	—	22,574	22,574
Other comprehensive income	—	—	(1,028)	—	—	—	(1,028)
Total comprehensive income	—	—	(1,028)	—	—	22,574	21,546
Interim dividend paid (Note 12)	—	(11,018)	—	—	—	—	(11,018)
Appropriation	—	—	—	3,856	—	(3,856)	—
<b>Balance at 31 December 2010</b>	<b>26,128</b>	<b>33,921</b>	<b>(4,711)</b>	<b>17,873</b>	<b>24,598</b>	<b>46,304</b>	<b>144,113</b>

### 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 Uglan 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) Adoption of new/revised HKFRSs

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
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payment - Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)	Distributions of Non-cash Assets to Owners
- Interpretation 17	
HK Interpretation 5	Presentation of Financial Statements - Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as explained below, the adoption of these new or revised standards and interpretations has no significant impact on the Group’s financial statements.

*HKFRS 3 (Revised) - Business Combinations and HKAS 27(Revised) - Consolidated and Separate Financial Statements*

The revised accounting policies are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The adoption of revised HKFRS 3 has had no impact to the financial statements as there has been no business combination transaction during the year.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners, accordingly, such transactions are recognised within equity. When control is lost and any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of revised HKAS 27 has had no impact on the current year.

**(b) New/revised HKFRSs that have been issued but are not yet effective**

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>1&amp;2</sup>
HK(IFRIC) - Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments <sup>1</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>2</sup>
Amendments to HKFRS 7	Disclosures - Transfer of Financial Assets <sup>3</sup>
HKFRS 9	Financial Instruments <sup>4</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2013

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these new/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 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 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>2010</b>	<b>2009</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Maintenance service and usage fees	52,277	37,834
Information service fees	44,135	35,016
Sale of computer software	14,577	10,507
Others	1,447	789
	<u>112,436</u>	<u>84,146</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

The Group operates in a single segment, which is the distribution and usage of software and provision of related maintenance and information services. Revenue from external customers for related products and services are presented in Note 4.

##### (b) Geographical information

All operating assets and operations of the Group during the years ended 31 December 2010 and 2009 were located in the PRC.

##### (c) Information about a 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 2010 and 2009.

#### 6. OTHER INCOME

	<b>2010</b>	<b>2009</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Value added tax refund (Note (a))	11,062	7,084
Interest income	2,132	1,736
Subsidy income (Note (b))	1,930	1,921
Sundries	157	180
	<u>15,281</u>	<u>10,921</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 2010 mainly represented a subsidy of RMB1.2 million granted by Shanghai Municipal Development and Reform Commission to a PRC subsidiary to finance its development of a software product, and subsidies totalling RMB0.7 million (2009: RMB0.5 million) granted by Shanghai Finance Bureau to finance the PRC subsidiaries' 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. Last year's balance also include a subsidy of RMB1.4 million granted by Science and Technology Commission of Shanghai Municipality to finance a PRC subsidiary's development of business.

## 7. OTHER GAINS AND LOSSES

	<b>2010</b>	<b>2009</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Gain on disposal of investments held for trading	261	121
Write back of other payables	—	23
Loss on deregistration of subsidiaries	—	(153)
	<u>261</u>	<u>(9)</u>

## 8. PROFIT BEFORE INCOME TAX

	<b>2010</b>	<b>2009</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax is stated after charging/(crediting) the following:		
Cost of inventories expensed	375	257
Cost of service fees	26,564	21,476
Depreciation of property, plant and equipment	4,171	3,344
Exchange gain, net	(653)	(450)
Staff costs excluding directors' remuneration:		
Salaries and allowances	33,309	22,987
Pension fund contributions	5,148	3,936
Auditor's remuneration:		
Current year	450	453
Underprovision in prior year	36	30
Research and development costs	18,752	12,879
Lease payments under operating leases in respect of land and buildings	1,796	714
Impairment loss on trade receivables (Note 13)	39	155
	<u>39</u>	<u>155</u>



## 9. INCOME TAX

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

	<b>2010</b>	<b>2009</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax - PRC foreign enterprise income tax		
- Provision for the year	1,400	2,180
- Overprovision in respect of prior year	(134)	(160)
	<u>1,266</u>	<u>2,020</u>
Deferred tax (Note 10)		
- Charge for the year	314	1,291
	<u>1,580</u>	<u>3,311</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 ("Qianlong Network"), 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 year ended 31 December 2009. During the year, Qianlong Network has obtained the High-New Technology Enterprise Certificate and is entitled to enjoy the enterprise income tax at the concessionary rate of 12.5% for 2 years from 2010 to 2011 according to the Circular Caishi (2008) No.1 issued by the Treasury and National Tax bureau in 2010.

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>2010</b> <i>RMB'000</i>	<b>2009</b> <i>RMB'000</i>
Profit before income tax	24,154	21,748
Income tax calculated at PRC foreign enterprise income tax rate of 25% (2009: 25%)	6,038	5,437
Tax effect of expenses not deductible for taxation purposes	280	243
Tax effect of non-taxable items	(2,431)	(1,959)
Deferred tax assets not recognised	—	92
Utilisation of tax losses previously not recognised	(694)	—
Effect of tax concession granted to PRC subsidiaries	(2,578)	(1,719)
Effect of different tax rates of subsidiaries operating in other jurisdictions	122	86
Overprovision in respect of prior year	(134)	(160)
Deferred tax liabilities relating to withholding income tax on undistributed profits	977	1,291
Income tax for the year	1,580	3,311

## 10. DEFERRED TAX

Details of the deferred tax liabilities and assets recognised and movements during the current and prior years:

	<b>Allowance for doubtful debts</b> <i>RMB'000</i>	<b>Other deductible temporary difference</b> <i>RMB'000</i>	<b>Withholding tax on dividend (Note)</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At 1 January 2009	—	—	—	—
Charge to profit or loss for the year	—	—	1,291	1,291
At 31 December 2009	—	—	1,291	1,291
Charge/(credit) to profit or loss for the year	(5)	(658)	977	314
Transfer to income tax payable as dividend paid out during the year	—	—	(1,250)	(1,250)
At 31 December 2010	(5)	(658)	1,018	355

*Note:* 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 Ministry of Finance and the State Administration of Taxation 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 RMB977,000 (2009: RMB1,291,000) has been recognised for the year in respect of the undistributed profits of a subsidiary in the PRC for the year ended 31 December 2010.

For the purpose of presentation in statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	<b>2010</b>	<b>2009</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	(663)	—
Deferred tax liabilities	1,018	1,291
	<u>355</u>	<u>1,291</u>

## 11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB22,574,000 (2009: RMB18,437,000) and the weighted average number of 252,600,000 ordinary shares (2009: 252,600,000) in issue during the year.

Diluted earnings per share for the years ended 31 December 2010 and 2009 are the same as the basic earnings per share as there were no dilutive potential ordinary shares in issue for these years.

## 12. DIVIDENDS

	<b>2010</b>	<b>2009</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Interim dividend paid - HK\$0.05 (equivalent to approximately RMB0.044) per share	<u>11,018</u>	<u>—</u>

At a meeting held on 13 May 2010, the directors recommended to paid an interim dividend of HK\$0.05 (equivalent to approximately RMB0.044) per share, totalling HK\$12,630,000 (equivalent to approximately RMB11,018,000) to shareholders whose names appeared on the Register of Members of the Company at the close of business on 7 June 2010.

No final dividend has been paid or proposed at the end of reporting period (2009: RMBNil).

### 13. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010	2009	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	4,199	2,487	—	—
Less: Impairment loss recognised	(194)	(155)	—	—
	<u>4,005</u>	<u>2,332</u>	<u>—</u>	<u>—</u>
Trade receivables - net	4,005	2,332	—	—
Other receivables	2,868	2,031	—	—
	<u>6,873</u>	<u>4,363</u>	<u>—</u>	<u>—</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) The below table reconciled the impairment loss on trade receivables for the year:

	The Group		The Company	
	2010	2009	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	155	—	—	—
Impairment loss recognised (Note 8)	39	155	—	—
	<u>194</u>	<u>155</u>	<u>—</u>	<u>—</u>
At end of year	194	155	—	—

The Group's trade receivables of about RMB194,000 (2009: RMB155,000) 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:

	The Group	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	2,875	1,257
1 to 3 months	1,020	532
More than 3 months but less than 12 months	99	490
More than 12 months	11	53
	<u>4,005</u>	<u>2,332</u>

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

	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Neither past due nor impaired	1,259	1,062
Less than 1 month past due	1,687	1,143
1 to 3 months past due	1,020	11
More than 3 months but less than 12 months past due	39	116
	<u>4,005</u>	<u>2,332</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>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	2,437	2,285	—	—
Receipts in advance	463	844	—	—
Other payables	3,042	2,453	—	—
Accruals	7,325	3,295	92	100
	<u>13,267</u>	<u>8,877</u>	<u>92</u>	<u>100</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>2010</b>	<b>2009</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	1,531	1,203
1 to 3 months	718	932
More than 3 months but less than 12 months	180	147
More than 12 months	8	3
	<u>2,437</u>	<u>2,285</u>

(b) The carrying amount of trade payables is denominated in the following currencies:

	The Group	
	2010	2009
	RMB'000	RMB'000
Renminbi	909	574
Hong Kong dollars	1,528	1,711
	<u>2,437</u>	<u>2,285</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.

## CHAIRMAN'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 2010 to our shareholders and investors.

### Financial review

For the year ended 31 December 2010, the Group made great achievements and reported a turnover of RMB112,436,000, representing an increase of RMB28,290,000 as compared with RMB84,146,000 for the same period of the previous year. This increase is mainly due to increase in maintenance service and usage fees and sale of computer software for the year.

For the year ended 31 December 2010, the Group has recorded revenue of RMB52,277,000 from maintenance service and usage fees representing an increase of 38.17% from the same period of last year (2009: RMB37,834,000). Income from information service fee was RMB44,135,000 representing an increase of 26.04% from the same period of last year (2009: RMB35,016,000). The income from sale of computer software was RMB14,577,000 representing an increase of 38.74% from the same period of last year (2009: RMB10,507,000). The other income was RMB1,447,000 (2009: RMB789,000).

The increase in revenue resulted in greater profit for the year. The Group recorded a net profit attributable to owners of the Company of RMB 22,574,000 for the year ended 31 December 2010, representing an increase of 22.44% as compared with RMB18,437,000 for the same period of the previous year.

The basic and diluted earnings per share was RMB 8.94 cents (2009: RMB 7.30 cents).

## **Business summary and prospects**

During the year of 2010, the securities market appeared to go through periods of corrections , however, Qianlong products still achieved progress.

In the organizational users' market, the Company completed the development of "ShenWan Index Disclosure Platform". Many other consignment transaction platforms for A-stock securities traders and Hong Kong stock consignment transaction platforms for Hong Kong securities traders have achieved in-depth application. Tthe Company has become the leading provider of consignment products. At the same time, the technology and performance of related products have also been enhanced. For example, the development of security series products will enhance the competitive edge of consignment transaction products. For Hong Kong Stock consignment transaction clients, the added function of batch consignments have met high end investors' requirements.

Regarding the support of new business development, Qianlong always has had excellent performance, such as finance securities, stock index futures and the extension of transaction time of Hong Kong stocks; all were achieved at initial try. Qianlong has also provided tailored functions for customers such as developing a new finance network interface for Guotai Jun'an.

The launch of Qianlong's new age of finance platform has achieved actual development and a leading domestic securities house has signed contract formally with the Company to become the user of this product. Qianlong's new age of finance platform were welcomed by securities houses as it will help the securities houses increase efficiency with their own resources and become leaders in the market. The popularization of the new finance platform reconfirms Qianlong's leading position in the industry and makes Qianlong the new benchmark in the new round of competition among securities information products. The universal version running on the Company's own platform has been used by many online transaction users; the feedback from these users are very optimistic, showing satisfaction with performance, content and function. With further promotion, Qianlong's new generation of finance platform will lead the securities software industry on mainland China to a new age.

On individual user products, the stock index futures strategy analysis software "Futures Index Winner" is showing its market application potential after the formal launch. The strategy analysis module in Futures Index Winner has adopted the wisdom of professional experts with long term and actual experience in overseas stock index futures, allowing the software to not only disclose live information of stock index futures, but also become a stock index futures decision tool rarely seen in China. Therefore, we can forecast the product's welcome by the thousands of initial stock index futures customers. "Qianlong Futures Index Winner" has been further improved with the use of SK wave strategy, AF alarm strategy to make Qianlong Futures Index the undoubted frontrunner of the professional stock index and futures strategy analysis software in mainland China, establishing a solid reputation among high end investors of stock index and futures.

On individual user products, the totally new analysis software targeting Hong Kong Hangseng Index Futures, “Hangseng Winner,” has been launched with new data mining technology to provide real time information data analysis. By uniting transaction strategies in different periods, the product provides users effective investment transaction strategy analysis and operation suggestions, resulting in higher success rates. The continued development of these strategy softwares satisfies the needs of high end users.

Especially notable is the new Xi Wei Mi Ma product has been completed in development by year end; unprecedentedly applying data mining technology in the securities analysis field to fill a gap in Chinese professional securities analysis software. Xi Wei Mi Ma , after undergoing data processing, utilization, will provide investors with a new practical tool for securities analysis. At the same time, investors can come to believe the open and transparent data already includes effective information and no longer need to believe in so called inside information and rumors. It can be said to be an excellent example of using technology to curb insider trading. It hopes to bring significant economic benefits, as well as great social benefit.

Moreover, the mobile phone version of “Palm Qianlong” has been improved to cover most of the mobile phone platforms with unique functions and excellent performance. The “Palm Qianlong” for iPhone was listed by the AppStore to be a best application of the week, very welcomed by Apple’s users.

## **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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

During the year 2010, the Chinese economy continues its up-trend from the prior year, however, part of the economy’s growth appears overheated. In the first half of the year, the European debt crisis aggravated the global economy, increasing the possibility of a second downturn. The local securities market suffered large due to the rapid decrease of sales of domestic real estate market and the uncertainty of the export market. The Shanghai Securities Index decreased from 3277.14 at the beginning of the year to a bottom of 2319.74. The stock market transaction turnover was also in a downturn and market sentiment was also depressing. All of this affected the investors’ effective requirements of financial information services.



The Group's management team responded to this unfavorable market actively by enhancing technology innovation and improving the finance model. The Company strengthened products' functions, increased investment in research, enriched product structure, increased brand and market promotion and improved the sales network. These operations advanced the Company's research and development capabilities and provided protection from market risk to ensure that sales income and profit continue to maintain a certain level of growth.

With hardware updates in securities houses and the variance of investors' requirements, the current Novell platform was unable to meet the requirements of the fast changes made by securities houses. Therefore, the Company researched and developed a complete solution based on Linux platform. The complete system has been transferred from Novell platform to Linux platform with consideration to practicability and safety. The layout and function on the customers' end retain Qianlong's traditional features and usage, allowing a seamless transfer without users noting a system change at all. This was greatly welcomed by the securities houses, resulting in good sales trend.

With the continuous innovation of transaction products in the securities market, except for main finance products such as stocks, debts, funds and futures, the launch of finance securities and stock index futures should push the securities market to develop further. In order to meet market requirements, the Company promptly launched products addressing stock index futures and commodities futures. Based on the original Qianlong Platform, the information disclosure function was added for stock index futures and commodities futures. With the futures index information and consignment order system, the products will lead the new age of financial futures analysis transaction systems.

For the year ended 31 December 2010, the Group has recorded RMB29,320,000 on Internet version market, representing 26.07% of the total turnover. The Group has recorded RMB 21,864,000 on Gang Gu Tong used for Hong Kong securities information, representing 19.44% of the total turnover.

## **MAJOR INVESTMENT**

As at 31 December 2010, the Group's subsidiaries held unlisted investment fund of RMB8,000,000. The term of the investment fund of RMB4,000,000 held by Shanghai Qianlong Network Technology Company Limited is 90 days and matured on 26 January 2011 and the term of other investment fund of RMB4,000,000 held by Shanghai Qianlong Advanced Technology Company Limited is 29 days and matured on 27 January 2011.

## **ADMINISTRATIVE EXPENSES**

For the year ended 31 December 2010, the administrative expenses increased from RMB26,084,000 in 2009 to RMB30,570,000 in 2010, representing an increase of 17.20%. The increase is 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 2010, the Group's working capital and financial resources improved as compared to that in the previous year. As at 31 December 2010, the Group's cash and cash equivalents was RMB161,883,000 (2009: RMB132,362,000). 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 2010 was 369 (2009:318). 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 RMB38,456,000 (2009: RMB26,923,000).

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 31 December 2010 and 31 December 2009.

## **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 used for hedging purposes.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the year ended 31 December 2010, 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. Hsieh Billy Shao Ven. 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 2010.

## **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 contained in Appendix 15 to the GEM Listing Rules (the "Code") during the year of 2010.

### **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 2010.

### **Board of Directors and Board Meeting**

The Board which comprises ten 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, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules for the year ended 31 December 2010 and the Company considers the independent non-executive Directors are independent.

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>
Liao Chao Ping	<i>(Chairman)</i>	4/4
Fan Ping Yi		4/4
Yang Ching Shou	<i>(Managing Director)</i>	4/4
Chen Shen Tien		3/4
Chen Ming Chuan		4/4
Yu Shih Pi		4/4
Liao Angela Min Yin	(appointed on 18 May 2010)	2/4
<b>Non-executive directors</b>		
Chiu Kam Hing, Kathy		4/4
Chang Long Teng		4/4
Hsieh Billy Shao Ven	(appointed on 30 August 2010)	1/4
Cheong Chan Kei, Ernest	(resigned on 31 August 2010)	3/4

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 Code, 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 centralisation. The chairman of the Group takes responsibility to lead and arrange operation of the 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 implement 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. Hsieh Billy Shao Ven, 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 RMB 486,000 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. Hsieh Billy Shao Ven, 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>
Chiu Kam Hing, Kathy	4/4
Chang Long Teng	4/4
Hsieh Billy Shao Ven (appointed on 30 August 2010)	1/4
Cheong Chan Kei, Ernest (resigned on 31 August 2010)	3/4

The Group's unaudited quarterly and interim results and annual audited results during the year ended 31 December 2010 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 2010.

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 meeting 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 the 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*

25 March 2011, Hong Kong

*As at the date of this announcement, the Board comprises seven executive Directors, being Mr. Liao Chao Ping, Mr. Fan Ping Yi, Mr. Yang Ching Shou, Mr. Chen Shen Tien, Mr. Chen Ming Chuan, Mr. Yu Shi Pi and Miss. Liao Angela Min-Yin, and three independent non-executive Directors, being Ms. Chiu Kam Hing, Kathy, Mr. Chang Long Teng and Mr. Hsieh Billy Shao-Ven.*

*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*