



Qianlong Technology International Holdings Limited

(乾 隆 科 技 國 際 控 股 有 限 公 司) *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8015)

**THE FIRST QUARTERLY RESULTS REPORT
FOR THE PERIOD ENDED 31 MARCH 2011**

* *For identification purpose only*

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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

This report, for which the 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 report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover for the three months ended 31 March 2011 increased by 4.02% to RMB28,079,000 (2010: RMB26,994,000).
- Profit attributable to owners of the Company for the three months ended 31 March 2011 increased by 108.00% to RMB8,553,000 (2010: RMB4,112,000).
- Basic and diluted earnings per share was RMB3.39 cents (2010: RMB1.63 cents).

THE FIRST QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “Board”) of Qianlong Technology International Holdings Limited (the “Company”) would like to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2011 together with the comparative figures for the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		Three months ended 31 March	
		2011	2010
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	4	28,079	26,994
Cost of sales		(8,099)	(7,023)
Gross profit		19,980	19,971
Other income	6	4,528	3,305
Other gains and losses	7	85	124
Selling and distribution costs		(7,267)	(11,215)
Administrative expenses		(7,711)	(7,653)
Profit before income tax		9,615	4,532
Income tax	8	(1,062)	(420)
Profit for the period attributable to owners of the Company		8,553	4,112
Other comprehensive income for the period:			
Exchange rate differences in translating foreign operations		(257)	(61)
Total comprehensive income for the period attributable to owners of the Company		8,296	4,051
Earnings per share			
- Basic and diluted	9	RMB0.0339	RMB0.0163

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	At 31 March	At 31 December
	2011	2010
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets		
Property, plant and equipment	92,189	33,456
Deposit paid for acquisition of leasehold land and buildings	—	3,000
Total non-current assets	92,189	36,456
Current assets		
Inventories	168	76
Trade and other receivables	8,857	6,873
Deposits and prepayments	4,034	3,179
Investments held for trading	—	8,000
Cash and cash equivalents	115,953	161,883
Total current assets	129,012	180,011
Total assets	221,201	216,467
Current liabilities		
Trade and other payables	8,411	13,267
Deferred revenue	48,762	49,647
Tax payable	3,426	2,557
Total current liabilities	60,599	65,471
Net current assets	68,413	114,540
Total assets less current liabilities	160,602	150,996
Non-current liabilities		
Deferred revenue	7,838	6,528
Deferred tax liabilities	355	355
Total non-current liabilities	8,193	6,883
Total liabilities	68,792	72,354
NET ASSETS	152,409	144,113
Equity attributable to owners of the Company		
Share capital	26,128	26,128
Reserves	126,281	117,985
TOTAL EQUITY	152,409	144,113

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

For the three months ended 31 March 2011

	Reserves						Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	General reserve RMB'000	Merger reserve RMB'000	Retained profits RMB'000	
Balance at 1 January 2010	26,128	44,939	(3,683)	14,107	24,598	27,586	133,585
Profit for the period	—	—	—	—	—	4,112	4,112
Other comprehensive income	—	—	(61)	—	—	—	(61)
Total comprehensive income	—	—	(61)	—	—	4,112	4,051
Balance at 31 March 2010	<u>26,128</u>	<u>44,939</u>	<u>(3,744)</u>	<u>14,107</u>	<u>24,598</u>	<u>31,698</u>	<u>137,636</u>
Balance at 1 January 2011	26,128	33,921	(4,711)	17,873	24,598	46,304	144,113
Profit for the period	—	—	—	—	—	8,553	8,553
Other comprehensive income	—	—	(257)	—	—	—	(257)
Total comprehensive income	—	—	(257)	—	—	8,553	8,296
Balance at 31 March 2011	<u>26,128</u>	<u>33,921</u>	<u>(4,968)</u>	<u>17,873</u>	<u>24,598</u>	<u>54,857</u>	<u>152,409</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 research, development and distribution of software, and 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 period, the Group has adopted all the new or revised Hong Kong Financial Reporting Standards ("HKFRSs") that are relevant to its operations and effective for the current accounting period of the Group. The adoption of these 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 period.

(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.

Amendments to HKFRS 7	Disclosures - Transfer of Financial Assets ¹
HKFRS 9	Financial Instruments ²

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2013

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 period is as follows:

	Unaudited	
	Three months ended	
	31 March	
	2011	2010
	<i>RMB’000</i>	<i>RMB’000</i>
Maintenance service and usage fees	14,117	11,360
Information service fees	9,688	10,923
Sale of computer software	3,467	4,529
Others	807	182
	<hr/>	<hr/>
	28,079	26,994
	<hr/> <hr/>	<hr/> <hr/>

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 three months ended 31 March 2011 and 2010 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 three months ended 31 March 2011 and 2010.

6. OTHER INCOME

	Unaudited Three months ended 31 March	
	2011 RMB'000	2010 RMB'000
Value added tax refund (Note (a))	2,461	2,513
Subsidy income (Note (b))	1,209	-
Interest income	827	759
Sundries	31	33
	<u>4,528</u>	<u>3,305</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 three months ended 31 March 2011 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 of approximately RMB9,000 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.

7. OTHER GAINS AND LOSSES

	Unaudited	
	Three months ended	
	31 March	
	2011	2010
	<i>RMB'000</i>	<i>RMB'000</i>
Gain on disposal of investments held for trading	85	124
	<u> </u>	<u> </u>

8. INCOME TAX

	Unaudited	
	Three months ended	
	31 March	
	2011	2010
	<i>RMB'000</i>	<i>RMB'000</i>
PRC foreign enterprises income tax	1,062	420
	<u> </u>	<u> </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 periods.

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 ("Qianlong Advanced"), 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% in 2010 according to Session 111 of the National Enterprise Income Tax Law in 2008. Qianlong Advanced is in the process of renewing of the High Technology Enterprises Certificate for the three months ended 31 March 2011. The enterprise income tax rate for Qianlong Advanced is 25% until Qianlong Advanced obtains the renewal certificate.

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB8,553,000 (2010: RMB4,112,000) and the weighted average number of 252,600,000 (2010: 252,600,000) ordinary shares in issue during the period.

Diluted earnings per share for the three months ended 31 March 2011 and 2010 are the same as the basic earnings per share as there were no dilutive potential ordinary shares in issue for these periods.

10. DIVIDENDS

The Board does not recommend the payment of any dividends attributable to the three months ended 31 March 2011. An interim dividend of HK\$0.05 cents (equivalent to approximately RMB0.044) per share was declared for the three months ended 31 March 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31 March 2011, the Group reported a turnover of RMB28,079,000, representing an increase of RMB1,085,000 as compared with RMB26,994,000 for the same period of the previous year. This increase is mainly due to increase in maintenance service and usage fees for the period.

For the three months ended 31 March 2011, the Group has recorded revenue of RMB14,117,000 from maintenance service and usage fees representing an increase of 24.27% from the same period of last year (2010: RMB11,360,000). Income from information service fee was RMB9,688,000 representing a decrease of 11.31% from the same period of last year (2010: RMB10,923,000). The income from sale of computer software was RMB3,467,000 representing a decrease of 23.45% from the same period of last year (2010: RMB4,529,000). The other income was RMB807,000 (2010: RMB182,000).

The Group recorded a net profit attributable to owners of the Company of RMB 8,553,000 for the three months ended 31 March 2011, representing an increase of 108.00% as compared with RMB4,112,000 for the same period of the previous year, mainly due to the decrease of sales and distribution cost of RMB 3,948,000.

The basic and diluted earnings per share was RMB3.39 cents (2010: RMB1.63 cents).

BUSINESS SUMMARY AND PROSPECTS

So far this year, the Company maintains its solid position in the Chinese finance market. With in-depth research, an understanding of the customers' requirements, the Company continues to develop and update products and technology innovation to provide better services for customers and to enhance the service ability of the Company.

For years, the Company has always provided high quality information services to Chinese investors in the finance market. With emphasis on research and development capabilities and comprehensive technical ability, the Company established a strict process of a clear division of product design, development, operation and maintenance processes to quickly and efficiently respond to customers' latest needs and to improve the Company's service quality. The Company places a great importance on the training and support of technical teams; building the teams with stable and strong technical capability.

After several years of adjustment, positive factors are increasing in the Chinese capital market. The momentum towards stabilization is becoming increasingly evident. In the future, China's internet finance information service industry will expand toward abundant products, mature users, centralized industry, international business and pluralistic media.

To further strengthen our competitive edge, over the years the Company has been committed to improving products and services to build Qianlong's brand image. The Company will continue to conduct large-scale investment in research and

development, provide more new and innovative products, expand customer base, raise brand recognition, enrich brand quality and enhance brand value.

Since the new year, all areas of the securities market has grown in demand and requirement for information products. In order to strengthen traditional advantages and grasp new market opportunities, Qianlong products increased efforts toward innovations.

On organization users' market, Qianlong Golden Eyes, the main monitoring professional analysis software, has been introduced to securities houses. This addition to the information analysis platform of securities houses increases interest by large customers and have had positive influence toward end users to finalize transactions. This is welcomed by securities houses and is now in the promotion process.

The customized projects, as always, have the users' trust. The latest project include the tailored authentication process work for Huatai United Securities, Guotai Jun'an Securities, Chenghao Securities, CBM International Securities and tailored customer service process for Shenyin Wanguo Securities, etc. On the consignment transaction platform, the sophisticated customers base expanded. Zhongxin Securities, Nanjing Securities, Guoxin Securities, Hongyuan Securities, Orient Securities and Aijian Securities have become new important customers. The function, efficiency, safety and reliability of related products have been welcomed by users. The position of Qianlong products have been further strengthened among securities users.

At the same time, Qianlong's new generation of finance platform continues its successful expansion with usage development or formal application by securities houses like Central, Minsheng, Aijian and Zhongxin.

On individual products, the latest product, Qianlong Xi Wei Mi Ma, pioneered the application of data mining technology to the field of securities analysis and achieved very satisfying market results.

The mobile phone version of "Palm Qianlong" covers all mobile phone operating systems. The version to support tablet PC is also about to complete development. They will lay a solid foundation for a lead position in the future mobile devise securities market.

At the same time, the function for the operation management platform has been improved in both sales management and after sales services to optimize the efficiency and quality of sales and services, increasing users' satisfaction level.

SELLING AND DISTRIBUTION COSTS

For the three months ended 31 March 2011, the selling and distribution cost was RMB7,267,000 (2010: RMB11,215,000), representing a decrease of 35.20% mainly due to the decrease of RMB3,300,000 advertising cost in this season.

WORKING CAPITAL AND FINANCIAL RESOURCES

As at 31 March 2011, the Group's cash and cash equivalents was RMB115,953,000 (31 December 2010: RMB161,883,000). Decrease of RMB45,930,000 was mainly due to Shanghai Qianlong Advanced Technology Company Limited, a wholly owned subsidiary of the Company has acquired an office building with total consideration of RMB57,300,920 on March 2011. Therefore, the Group's financial status is still stable.

DEPLOYMENT OF HUMAN RESOURCES

The total number of staff of the Group as at 31 March 2011 was 370 (2010: 370). 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 three months ended 31 March 2011, the total cost for staff (including salary, bonus and other benefits) is approximately RMB8,948,600 (2010: RMB10,190,000).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2011 and 2010.

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 minor amount 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 three months ended 31 March 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2011, the interests of the Directors and chief executives and their associates in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“the “SFO”), as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Name of directors	Type of interests	Number of shares held	Percentage of the Company's issued share capital
Liao Chao Ping	Personal	5,000,000	1.979%
Chen Shen Tien	Corporate (<i>Notes (i) and (ii)</i>)	35,250,000	13.955%
Fan Ping Yi	Corporate (<i>Notes (i) and (ii)</i>)	24,500,000	9.699%
Yang Ching Shou	Corporate (<i>Notes (i) and (ii)</i>)	24,500,000	9.699%
Chen Ming Chuan	Corporate (<i>Notes (i) and (ii)</i>)	18,375,000	7.274%
Yu Shih Pi	Corporate (<i>Notes (i) and (ii)</i>)	14,875,000	5.889%

Notes:

- (i) As at 31 March 2011, Mr. Chen Shen Tien is the sole shareholder of Red Coral Financial Limited which holds 35,250,000 shares, representing a 13.955% interest in the Company. Mr. Fan Ping Yi is the sole shareholder of Sapphire World Investment Limited which holds 24,500,000 shares, representing a 9.699% interest in the Company. Mr. Yang Ching Shou is the sole shareholder of Legend Isle Technology Limited which holds 24,500,000 shares, representing a 9.699% interest in the Company. Mr. Chen Ming Chuan is the sole shareholder of Star Channel Technology Limited which holds 18,375,000 shares, representing a 7.274% interest in the Company. Mr. Yu Shih Pi is the sole shareholder of Star Orient Global Limited which holds 14,875,000 shares, representing a 5.889% interest in the Company.
- (ii) According to the register of substantial shareholders required to be maintained under section 336 of the SFO, the Company has been notified of these interests, being 5% or more of the issued share capital of the Company.

Save as disclosed above, as at 31 March 2011, none of the Directors or chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2011, in addition to those interests as disclosed above in respect of the Directors, the interests or short positions in the shares and underlying shares of substantial shareholders of the Company as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO, the Company had been notified of the following interests, being 5% or more in the issued share capital of the Company.

Name	Number of the shares held	Percentage of the Company's issued share capital
Red Coral Financial Limited	35,250,000	13.955%
Sapphire World Investment Limited	24,500,000	9.699%
Legend Isle Technology Limited	24,500,000	9.699%
Star Channel Technology Limited	18,375,000	7.274%
Star Orient Global Limited	14,875,000	5.889%

Note:

- (i) As at 31 March 2011, Mr. Chen Shen Tien is the sole shareholder of Red Coral Financial Limited which holds 35,250,000 shares, representing a 13.955% interest in the Company. Mr. Fan Ping Yi is the sole shareholder of Sapphire World Investment Limited which holds 24,500,000 shares, representing a 9.699% interest in the Company. Mr. Yang Ching Shou is the sole shareholder of Legend Isle Technology Limited which holds 24,500,000 shares, representing a 9.699% interest in the Company. Mr. Chen Ming Chuan is the sole shareholder of Star Channel Technology Limited which holds 18,375,000 shares, representing a 7.274% interest in the Company. Mr. Yu Shih Pi is the sole shareholder of Star Orient Global Limited which holds 14,875,000 shares, representing a 5.889% interest in the Company.

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

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 unaudited consolidated results for the three months ended 31 March 2011.

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.

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of a candidate to act as a director, and approving and terminating the appointment of a director. The Company has not set up any nomination committee for the three months ended 31 March 2011.

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.

INTERNAL CONTROL

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

For the three months ended 31 March 2011, the Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the three months ended 31 March 2011, the Directors are not aware of any business or interest of the Directors, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the three months ended 31 March 2011.

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

12 May 2011, Hong Kong