



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)

FIRST QUARTERLY REPORT

2007

* *For identification purpose only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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 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 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 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 2007 increased by 25.8% to RMB 10,477,000 (2006: RMB 8,326,000).

Profit attributable to shareholders of the Company for the three months ended 31 March 2007 decreased by 65.90% to RMB 284,000 (2006: RMB 833,000).

Basic earnings per share were about 0.13 cents in RMB.

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 2007 together with the comparative unaudited figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		Three months ended 31 March 2007 RMB'000	Three months ended 31 March 2006 RMB'000
Turnover	3	10,477	8,326
Cost of sales		(2,433)	(1,984)
Gross profit		8,044	6,342
Other revenue	5	1,431	1,305
Other gains and losses	6	(428)	(194)
Distribution costs		(3,950)	(2,222)
Administrative expenses		(4,914)	(4,180)
Other operating expenses		(20)	—
Operating profit		163	1,051
Share of results of associate		90	(8)
Profit before taxation		253	1,043
Income tax	7	31	(210)
Profit for the period		284	833
Attributable to:			
Equity holders of the Company		284	833
Minority interests		—	—
		284	833
Basic earnings per share (RMB cents)	8	0.13	0.40

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited At 31 March 2007 RMB'000	Unaudited At 31 March 2006 RMB'000
Non-current assets		
Property, plant and equipment	39,132	38,186
Interest in associate	301	213
Deferred tax assets	1,158	1,158
	<u>40,591</u>	<u>39,557</u>
Current assets		
Inventories	51	145
Trade and other receivables	9,110	3,452
Investments held for trading	2,717	3,145
Cash and cash equivalents	46,397	47,849
	<u>58,275</u>	<u>54,591</u>
Current liabilities		
Trade and other payables	23,081	18,565
Taxation	156	187
	<u>23,237</u>	<u>18,752</u>
Net current assets	<u>35,038</u>	<u>35,839</u>
Non-current liabilities		
Deferred revenue	1,401	1,372
Net assets	<u>74,228</u>	<u>74,024</u>
Equity		
Share capital	22,420	22,420
Reserves	51,783	51,578
Equity attributable to equity holders of the Company	74,203	73,998
Minority interests	25	26
Total equity	<u>74,228</u>	<u>74,024</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Three months ended 31 March 2007

	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	General reserve RMB'000	Accu- mulated losses RMB'000	Merger reserve RMB'000	Attributable to equity holders of the Company RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2006	22,420	33,124	(25)	6,947	(18,200)	23,765	68,031	27	68,058
Exchange difference on translation of financial statement of foreign entities recognised directly in equity	—	—	(15)	—	—	—	(15)	(1)	(16)
Net profit for the period	—	—	—	—	833	—	833	—	833
At 31 March 2006	<u>22,420</u>	<u>33,124</u>	<u>(40)</u>	<u>6,947</u>	<u>(17,367)</u>	<u>23,765</u>	<u>68,849</u>	<u>26</u>	<u>68,875</u>
At 1 January 2007	22,420	33,124	(216)	7,491	(12,586)	23,765	73,998	26	74,024
Exchange difference on translation of financial statement of foreign entities recognised directly in equity	—	—	(79)	—	—	—	(79)	(1)	(80)
Net profit for the period	—	—	—	—	284	—	284	—	284
At 31 March 2007	<u>22,420</u>	<u>33,124</u>	<u>(295)</u>	<u>7,491</u>	<u>(12,302)</u>	<u>23,765</u>	<u>74,203</u>	<u>25</u>	<u>74,228</u>

Notes:

1. BASIS OF PREPARATION

The Group's unaudited first quarterly financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Exchange (the "GEM Listing Rules"), and the Hong Kong Financial Reporting Standards ("HKFRS"), which also include all Hong Kong Accounting Standards ("HKAS") and Interpretations ("HK(SIC)-Int") (collectively "HKFRSs"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies and basis of preparation adopted in the first quarterly financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31 December 2006, except for the adoption of certain new and revised HKFRS as disclosed in note 2 below.

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

The Group has adopted the following new and revised HKFRS for the first time for the current period's financial statements. The adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) - Int 8	Scope of HKFRS 2
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment

The Group has not early adopted the following new HKFRSs, that have been issued but are not yet effective to these financial statements.

		Effective for annual periods Beginning on or after
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC) - Int 11	HKFRS 2 - Group and Treasury Share Transactions	1 March 2007
HK(IFRIC) - Int 12	Service Concession Arrangements	1 January 2008

The Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application.

3. TURNOVER

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

	Unaudited	
	Three months ended 31 March 2007 RMB'000	Three months ended 31 March 2006 RMB'000 Restated
Maintenance service fees	8,434	6,770
Sale of computer software	1,450	468
Consulting service fees	332	1,013
Others	261	75
	<u>10,477</u>	<u>8,326</u>

4. SEGMENT INFORMATION

(a) Business segment

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

(b) Geographical segment

All operating assets and operations of the Group during the three months ended 31 March 2007 and 2006 were located in the PRC. Accordingly, no geographical segment information is presented.

5. OTHER REVENUE

	Unaudited	
	Three months ended 31 March 2007 <i>RMB'000</i>	Three months ended 31 March 2006 <i>RMB'000</i>
Value added tax refund (see Note below)	1,290	959
Interest income	139	167
Sundries	2	5
Net rental income from investment property	—	174
	<u>1,431</u>	<u>1,305</u>

Note: 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 add tax ("VAT") paid in excess of an effective rate of 3%. The amount of VAT refund is recognised as other revenue on an accrual basis.

6. OTHER GAINS AND LOSSES

	Unaudited	
	Three months ended 31 March 2007 <i>RMB'000</i>	Three months ended 31 March 2006 <i>RMB'000</i>
Net unrealised loss on investments held for trading	(428)	(595)
Gain on disposal of assets classified as held for sale	—	355
Gain on disposal of property, plant and equipment	—	46
	<u>(428)</u>	<u>(194)</u>

7. INCOME TAX

	Unaudited	
	Three months ended 31 March 2007 RMB'000	Three months ended 31 March 2006 RMB'000
Foreign enterprise income tax	<u>(31)</u>	<u>210</u>

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

8. BASIC EARNINGS PER SHARE

	Unaudited	
	Three months ended 31 March 2007	Three months ended 31 March 2006
Earnings per share (RMB cents)	<u>0.13</u>	<u>0.40</u>

The calculation of basic earnings per share for the three months ended 31 March 2007 is based on the profit attributable to equity holders of the Company of RMB 284,000 divided by the weighted average number of 210,500,00 ordinary shares in issue during the period.

The calculation of basic earnings per share for the three months ended 31 March 2006 is based on the profit attributable to equity holders of the Company of RMB 833,000 divided by the weighted average number of 210,500,00 ordinary shares in issue during the period.

No diluted earnings per share have been presented as there were no dilutive potential ordinary shares in issue during the three months ended 31 March 2007 and 2006.

9. DIVIDENDS

The Board does not recommend the payment of any dividends attributable to the three months ended 31 March 2007 and 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31 March 2007, the Group reported a turnover of RMB 10,477,000, representing an increase of 25.8%, as compared with RMB 8,326,000 for the same period of the previous year. The increase of turnover was mainly because that since the year of 2007, China stock market continued undergoing last year's bull market, the Shanghai Composite Index reached its new high which brought more shareholders into the stock market. The Group recorded RMB 6,713,000 as the income from the network version used in the real-time transaction in securities brokerage houses, the traditional edges of the Group; RMB 799,000 as the sales income of "Qianlong Internet Network Version"; RMB 944,000 as the sales income of "Qianlong College Finance Education System"; and RMB 1,326,000 as the sales income of "Qianlong Gang Gu Tong" (港股通).

The Group recorded a profit attributable to equity holders of the Company for the three months ended 31 March 2007 of RMB 284,000, representing a decrease of 65.90% as compared with RMB 833,000 for the same period of the preceding year. The decrease of profit attributable to equity holders of the Company for the three months ended 31 March 2007 was mainly due to the following causes:

1. For the three months ended 31 March 2007, owing to the Group expansion, the cost of human resource of the Group increased RMB 830,000 as compared with the same period of the previous year.
2. For the three months ended 31 March 2007, the distribution cost of the Group increased RMB 1,728,000, compared with the corresponding period of the previous year.
3. For the three months ended 31 March 2006, the Group has gained RMB355,000 in profit of securities investment.

PRODUCT DEVELOPMENT

Through adjustment, the Group's subsidiaries, Shanghai Qianlong Advanced Technology Company Limited, Shanghai Qianlong Network Technology Company Limited, and Shanghai Xin Long Information Technology Company Limited have formed a new framework of products of Qianlong products series and have made new progress in operation.

The products of network version are still taking the leading position in the market, which remain as the solely or first choice of platform by most of the securities brokers.

Under the favorable circumstances of the stock market, the internet network version used for online transactions has been chosen by over 100 securities brokers, funds trust companies and other enterprise users, keeping the market edge compared with other similar products.

The College Finance Education Products keep developing a variety of different versions, including securities, foreign exchanges, futures, banking, and insurances, which form a whole financial emulation educating system. Nearly about 80 colleges and universities have adopted our products, which has made our products the most competent ones in the industry.

As a data service product, Qianlong Gang Gu Tong (港 股 通) is keeping a good increasing trend. There have been about 3000 end users of this product. It maintains to be the fastest developing market information service agent except for those in Hong Kong.

From March 2007, the increase in agent sales, operation, and end users of the newly launched Level-2 toll information service has come out top of other agents of Shanghai Securities Exchange.

As for the financial data products, Long Xun F10 (龍 訊 F10) has already made an obvious development in its market share. And the newly launched financial database product, LonDB, has entered into the market. Many influential users (including banks, colleges, and websites) have adopted LonDB and given good comments on the product.

The success launch of new products gives us more confidence to surpass the original status to service only in the securities field, and build Qianlong as a famous financial information products and services brand.

PROSPECTS

The Group is in an absolutely leading position in the field of market disclosure systems. More than 90% of securities houses and branches are the Group's long term users and a large number of investors use the Group's software for daily investment and analysis. The Group owns a series of products and services, including market disclosure and analysis tool, information distribution system, consignment system, market transfer tool, real time market data services (for Hong Kong shares), tailor-made services in accordance with clients' requirements. These products form a series products line for supporting securities houses' front desk and back office business. The Group has the technical competence and practical experience to provide complete solutions for high-end clients; the Group also has good financial stability to provide a solid foundation for the development of new markets and new products; the Group owns a very stable and high caliber team with business ambition.

The new strategy of the year is to continuously strengthen the market of the original network version, keep income stable, and on this basis to achieve breakthrough on the market of the three products including online market system, real time data services of Hong Kong securities market and College Finance Education Products.

DEPLOYMENT OF HUMAN RESOURCES

The total number of the staff of the Group increased from 183 as at 31 December 2006 to 212 as at 31 March 2007. 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 insurance plan. The total cost for the staff for the three months ended 31 March 2007 is RMB 4,993,000, increased by 19.90% if compared with RMB 4,163,000 for the same period of the last year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

For the three months ended 31 March 2007, neither the Company nor any of its holding companies or subsidiaries purchased, sold or redeemed any listed securities of the Company.

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

As at 31 March 2007, the interests of the Directors and chief executives in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to Rules 5.46 of the GEM Listing Rules, were as follows:

Name of Directors	Types of Interests	Number of Shares held	Percentage of the Company's issued share capital
Liao Chao Ping	Personal (<i>note (ii)</i>)	5,000,000	2.375%
Chen Shen Tien	Corporate (<i>note(i) and (ii)</i>)	40,250,000	19.121%
Fan Ping Yi	Corporate (<i>note(i) and (ii)</i>)	24,500,000	11.639%
Yang Ching Shou, Peter	Corporate (<i>note(i) and (ii)</i>)	24,500,000	11.639%
Chen Ming Chuan	Corporate (<i>note(i) and (ii)</i>)	18,375,000	8.729%
Yu Shih Pi	Corporate (<i>note(i) and (ii)</i>)	14,875,000	7.067%

Notes:

- (i) As at 31 March 2007, Mr. Chen Shen Tien is the absolute shareholder of Red Coral Financial Limited which holds 40,250,000 shares, representing a 19.121% interest in the Company. Mr. Fan Ping Yi and his spouse, Ms. Ko Hsiu Fen, are the absolute shareholders of Sapphire World Investment Limited which holds 24,500,000 shares, representing a 11.639% interest in the Company. Mr. Yang Ching Shou, Peter and his spouse, Ms. Lai Ying Ming, are the absolute shareholders of Legend Isle Technology Limited which holds 24,500,000 shares, representing a 11.639% interest in the Company. Mr. Chen Ming Chuan is the absolute shareholder of Star Channel Technology Limited which holds 18,375,000 shares, representing a 8.729% interest in the Company. Mr. Yu Shih Pi is the absolute shareholder of Star Orient Global Limited which holds 14,875,000 shares, representing a 7.067% 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 2007, 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 Rules 5.46 of the GEM Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

Pursuant to a written resolution passed on 2 December 1999 ("Adoption Date"), a share option scheme for employees was approved and the Directors may, at their discretion, invite any employee or executive director of the Group, to take up options to subscribe for shares of the Company. Unless terminated by the Company in general meetings, the share option scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date.

The maximum number of shares in respect of which options may be granted under the share option scheme of the Company may not (when aggregated with shares subject to any other employees share option scheme) exceed 10% of the issued share capital of the Company from time to time, excluding for this purpose (i) any share which have been duly allotted and issued on the exercise of the options granted under the share option scheme and any other schemes; and (ii) any pro rata entitlements to further shares issued in respect of those shares referred to in (i) during a specific period of 10 consecutive years.

No option may be granted to any employee which, if exercised in full, would result in the total number of shares already issued and issuable to him under the share option scheme exceeding 25% of the aggregate number of shares for the time being issued and issuable under the share option scheme.

The subscription price for shares under the scheme will be at price determined by the Board and notified to each grantee and will be the higher of (i) the closing price of the shares on the date of grant; (ii) average closing prices of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

Up to 31 March 2007, no option has been granted to any Director or employee of the Company or any of its subsidiaries under this share option scheme.

Apart from the forgoing, at no time within three months ended 31 March 2007 was the Company, or any of its subsidiaries was a party to any arrangement to enable the directors or chief executive of the Company or their associates to acquire benefits by means of the acquisition of shares or debentures of the Company or of any other body corporate.

SUBSTANTIAL INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2007, 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 the 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	40,250,000	19.121%
Sapphire World Investment Limited	24,500,000	11.639%
Legend Isle Technology Limited	24,500,000	11.639%
Star Channel Technology Limited	18,375,000	8.729%
Star Orient Global Limited	14,875,000	7.067%

Note: As at 31 March 2007, Mr. Chen Shen Tien is the absolute shareholder of Red Coral Financial Limited which holds 40,250,000 shares, representing a 19.121% interest in the Company. Mr. Fan Ping Yi and his spouse, Ms. Ko Hsiu Fen, are the absolute shareholders of Sapphire World Investment Limited which holds 24,500,000 shares, representing a 11.639% interest in the Company. Mr. Yang Ching Shou, Peter and his spouse, Ms. Lai Ying Ming, are the absolute shareholders of Legend Isle Technology Limited which holds 24,500,000 shares, representing a 11.639% interest in the Company. Mr. Chen Ming Chuan is the absolute shareholder of Star Channel Technology Limited which holds 18,375,000 shares, representing a 8.729% interest in the Company. Mr. Yu Shih Pi is the absolute shareholder of Star Orient Global Limited which holds 14,875,000 shares, representing a 7.067% interest in the Company.

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

DIRECTORS' INTERESTS IN CONTRACTS

Pursuant to an agreement dated 22 September 1999 made between the Company and the Company's previous ultimate holding company, Willing Systems Corporation ("Willing"), Willing agreed to assign its service mark registered in Taiwan with remaining registration period expiring in November 2007 to the Company for a nominal consideration of US\$1. On 23 September 1999, the Company entered into another agreement with Willing pursuant to which the Company licensed the use of the service mark in Taiwan exclusively to Willing for a nominal consideration of US\$1 for a period from September 1999 to November 2007.

Apart from the forgoing, no contract of significance to which the Company, or any of its holding companies or subsidiaries was a party, and in which any Director had a material interest, subsisted at any time during the three months ended 31 March 2007.

REMUNERATION OF DIRECTORS

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

The function of the remuneration committee include 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 2007.

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

AUDIT COMMITTEE

The Company established an audit committee in 1999 with written terms of reference pursuant to the GEM Listing Rules. The audit committee comprises three 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 chairwoman of the audit committee. The audit committee has the duty to review and supervise the financial reporting process and internal control system of the Group, and to provide advice and comments to the Board.

The audit committee has already reviewed the Group's unaudited consolidated results for the three months ended 31 March 2007 and was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements.

INTERNAL CONTROL

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

For the three months ended 31 March 2007, 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 2007, 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

For the three months ended 31 March 2007, 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 2007.

By order of the Board
Liao Chao Ping
Chairman

14 May 2007

As at the date of this report, 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 Sibb Pi, and three independent non-executive Directors, being Ms. Chiu Kam Hing, Kathy, Mr. Chang Long Teng and Mr. Cheong Chan Kei, Ernest.