



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

2008

* *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 2008 increased by 79.60% to RMB 18,821,000 (2007: RMB 10,477,000)
- Profit attributable to shareholders of the Company for the three months ended 31 March 2008 increased by 999.60% to RMB3,123,000 (2007: RMB 284,000)
- Basic earnings per share was RMB 1.48 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 2008 together with the comparative unaudited figures for the corresponding periods in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		Three months ended 31 March	
		2008	2007
	Note	RMB'000	RMB'000
Turnover	3	18,821	10,477
Cost of sales		(5,377)	(2,433)
Gross Profit		13,444	8,044
Other revenue	5	1,648	1,431
Other gains and losses	6	—	(428)
Distribution costs		(5,175)	(3,950)
Administrative expenses		(5,776)	(4,914)
Other operating expenses		(41)	(20)
Operating profit		4,100	163
Share of results of associate		—	90
Profit before taxation		4,100	253
Income tax	7	(977)	31
Profit for the period		3,123	284
Attributable to:			
Equity holders of the Company		3,123	284
Minority interests		—	—
		3,123	284
Basic earnings per share (RMB cents)	8	1.48	0.13

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited At 31 March 2008 <i>RMB'000</i>	Audited At 31 December 2007 <i>RMB'000</i>
Non-current assets		
Property, plant and equipment	38,105	38,686
Interest in associate	267	278
	38,372	38,964
Current assets		
Inventories	34	15
Trade and other receivables	6,183	5,167
Cash and cash equivalents	79,778	76,625
	85,995	81,807
Current liabilities		
Trade and other payables	30,244	31,469
Taxation payable	2,366	1,714
	32,610	33,183
Net current assets	53,385	48,624
Non-current liabilities		
Deferred revenue	3,256	2,385
Net assets	88,501	85,203
Equity		
Share capital	22,420	22,420
Reserves	66,056	62,759
Equity attributable to equity holders of the Company	88,476	85,179
Minority interests	25	24
Total equity	88,501	85,203

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Three months ended 31 March 2008

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	General reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Merger reserve <i>RMB'000</i>	Attributable to equity holders of the Company <i>RMB'000</i>	Minority interest <i>RMB'000</i>	Total equity <i>RMB'000</i>
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 statements 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>
At 1 January 2008	22,420	33,124	(590)	8,172	(1,712)	23,765	85,179	24	85,203
Exchange difference on translation of financial statements of foreign entities recognised directly in equity	-	-	174	-	-	-	174	1	175
Net profit for the period	-	-	-	-	3,123	-	3,123	-	3,123
At 31 March 2008	<u>22,420</u>	<u>33,124</u>	<u>(416)</u>	<u>8,172</u>	<u>1,411</u>	<u>23,765</u>	<u>88,476</u>	<u>25</u>	<u>88,501</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 these quarterly financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31 December 2007, 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

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

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

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of financial statements	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27(Revised)	Consolidated and separate financial statements	1 July 2009
HKFRS 2 Amendment	Share-based payment - Vesting conditions and cancellation	1 January 2009
HKFRS 3 (Revised)	Business combinations	1 July 2009
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
HK(IFRIC) - Int 13	Customer loyalty programmes	1 July 2008
HK(IFRIC) - Int 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008

The Group has not early adopted any of these new or revised standards and interpretations, and is in the process of making an assessment of what the impact of these new or revised standards or interpretations is expected to be.

3. TURNOVER

Turnover represents the sales value of goods supplied to customers, maintenance and consulting service fees receivable, net of goods returned, trade discounts, value added tax and business tax. The Group's products and services are mainly sold and provided to customers in the People's Republic of China ("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	
	2008 RMB'000	2007 RMB'000 Restated
Information service fees	9,541	1,616
Maintenance service fees	7,600	7,079
Sale of computer software	1,449	1,450
Others	231	332
	<u>18,821</u>	<u>10,477</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 2008 and 2007 were located in the PRC. Accordingly, no geographical segment information is presented.

5. OTHER REVENUE

	Unaudited Three months ended 31 March	
	2008 RMB'000	2007 RMB'000
Value added tax refund (<i>Note</i>)	1,326	1,290
Interest income	316	139
Sundries	6	2
	<u>1,648</u>	<u>1,431</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 added tax ("VAT") paid in excess of an effective rate of 3%. The amount of VAT refund is recognized as other revenue on an accrual basis.

6. OTHER GAINS AND LOSSES

	Unaudited Three months ended 31 March	
	2008 RMB'000	2007 RMB'000
Net unrealised loss on investments held for trading	<u>—</u>	<u>(428)</u>

7. INCOME TAX

	Unaudited Three months ended 31 March	
	2008 RMB'000	2007 RMB'000
Foreign enterprise income tax	<u>977</u>	<u>(31)</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	
	2008	2007
Earnings per share (RMB cents)	<u>1.48</u>	<u>0.13</u>

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of RMB 3,123,000 (2007: RMB 284,000) divided by the weighted average number of 210,500,000 (2007: 210,500,000) ordinary shares in issue during the period.

No diluted earnings per share has been presented as there were no potential dilutive ordinary shares in issue during the three months ended 31 March 2008 and 2007.

9. DIVIDENDS

The Board does not recommend the payment of any dividends attributable to the three months ended 31 March 2008 and 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31 March 2008, the Group reported a turnover of RMB 18,821,000, representing an increase of 79.60% as compared with that for the same period of the previous year.

Because of the increase of turnover, the Group recorded a net profit attributable to shareholders for the three months ended 31 March 2008 of RMB 3,123,000 in 2008, representing an increase of RMB 2,839,000 as compared with that for the same period of the previous year.

The basic earnings per share was RMB 1.48 cents.

RESULTS

For the three months ended 31 March 2008, the Group reported a turnover of RMB 18,821,000 (2007:RMB 10,477,000) representing an increase of 79.60% as compared with that for the same period of the previous year. The Group recorded a net profit attributable to shareholders of RMB 3,123,000 for the three months ended 31 March 2008, representing an increase of RMB2,839,000 as compared with RMB284,000 for the same period of the previous year mainly due to the increase of turnover.

In the three months ended 31 March 2008, the Group has recorded an income of RMB1,449,000 as the sales of computer software, RMB 7,600,000 as the maintenance service fee, RMB 9,541,000 as information service fee and RMB231,000 as other gain.

BUSINESS SUMMARY AND PROSPECTS

After combination, Shanghai Qianlong High Technology Co., Ltd with its wholly owned subsidiary Shanghai Qianlong Network Technology Co., Ltd and Shanghai Xinlong Information Technology Co., Ltd has upheld the new development structure for Qianlong series products and the business has started to get a new achievements.

The network version products used for securities brokerage offices have launched V4.58 version with new functions and can be applied for stock index futures, goods futures and related business; New style linux no-disk system is also turning perfect.

Internet version used for online transaction has completed the tailored projects for Guotai Jun'an, Huatai, Shenyin Wanguo with the name of supporting securities broker's updating and improved the products' position in securities brokers' customers.

On consignment transaction system, the development process for the tailored projects of Western securities, Pacific securities, Huatai securities and new style standard consignment procedures is successful. Qianlong has stepped into the top position among the Consignment solution suppliers.

On individual user's products, Gang Gutong has kept its good status and become the master product on data services. While the new age of intellectual decision analysis system will be completed soon and will bring strong business increase for the company after launching.

On financial data products, Longxun F10, Financial database products LonDB and related deriving products are also propagandized successfully on the market and have established the industrial leading positions.

With the continuous innovation and breakthrough, Qianlong has already owned the most perfect product line in the industry. From set of software to tailored products, from system tools to customer end analysis software, from strengthened chosen parts to information platform, from data service to solutions, Qianlong provides completed area of services including information, analysis, trading, marketing platform, etc.

With the launch of Hong Kong stock market information, Level2, organizational information, stock index futures and other new information, Qianlong is keeping exploiting new article.

BUSINESS REVIEW

For three months ended 31 March 2008, the Group has recorded RMB7,189,000 on the traditional network version market for securities brokers spot transaction, representing 38.10% of the total turnover; RMB554,000 on securities internet version products for securities online transaction; RMB1,085,000 on Qianlong high college financial education software system used in varied high colleges and financial departments, representing 5.70% of the total turnover; and RMB7,553,000 on Qianlong Gang Gutong for Hong Kong shares, representing 40.10% of the total turnover. The Group has launched terminal product Level 2 information at the end of 2007 and recorded RMB1,482,000 for three months ended 31 March 2008, representing 7.80% of the total turnover.

WORKING CAPITAL AND FINANCIAL RESOURCES

On 31 March 2008, the Group's working capital and financial resources are keeping improving as compared to that on 31 December 2007. On 31 March 2008, the Group's cash and cash equivalents was RMB79,778,000 (on 31 December 2007: RMB76,625,000).

DEPLOYMENT OF HUMAN RESOURCES

The total number of staff of the Group on 31 March 2008 was 244 (On 31 December 2007: 241). 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. For the three months ended 31 March 2008, the total cost for staff (including salary, bonus and other welfare) is approximately RMB6,770,749 (2007: RMB4,993,000).

CONTINGENT LIABILITIES

The Group did not have any significant liabilities as at 31 March 2008 or as at 31 March 2007.

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, USD and Taiwan dollars. Therefore the Group considered the exchange rate fluctuation exposure is small and thus no financial instruments have been adopted for hedging purposes.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the three months ended 31 March 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

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

As at 31 March 2008, the interests of the Directors and chief executives in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“the “SFO”)), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Name of Directors	Type of Interests	Number of shares held	Percentage of the Company's issued share capital
Liao Chao Ping	Personal(<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%

Note: (i) As at 31 March 2008, 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, 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 to 5.68 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 2008, 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 2008 was the Company, or any of its subsidiaries 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 in or debentures of the Company or any other body corporate.

SUBSTANTIAL INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2008, in addition to those interests as disclosed above in respect of the Directors, according to the register of substantial shareholders required to be maintained under section 336 of the SFO, the Company had been notified of the following interests, being 5% or more in the issued share capital of the Company.

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 2008, 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 Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares or debentures of the Company as recorded in the register required to be kept under section 336 of SFO.

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 a registration period expiring in November 2007 to the Company for a nominal consideration of USD1. 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 the previous ultimate holding company for a nominal consideration of USD1 for the period from September 1999 to November 2007.

Apart from the foregoing, no contract of significance to which the Company or any of its subsidiaries was a party, in which a director of the Company had a material interest, whether directly or indirectly, subsisted at any time during the three months ended 31 March 2008.

REMUNERATION OF DIRECTORS

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

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

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of a candidate to act as a director, and approving and terminating the appointment of a director. The Company has not set up any nomination committee for the three months ended 31 March 2008.

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

AUDIT COMMITTEE

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

The audit committee has already reviewed the Group's unaudited consolidated results for the three months ended 31 March 2008 and opinions and suggestions have been provided before the approval of the Board Meeting.

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 2008, 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 2008, 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 2008, 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 2008.

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

14 May 2008

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 Shi Pi, and three independent non-executive Directors, being Ms. Cbiu Kam Hing, Kathy, Mr. Chang Long Teng and Mr. Cheong Chan Kei, Ernest.