



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)

INTERIM REPORT

2008

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. 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 trade on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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 (the "Directors") of Qianlong Technology International Holdings Limited 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 (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. 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 six months ended 30 June 2008 increased by 64.49% to RMB 35,058,000 (2007: RMB 21,313,000)
- Profit attributable to shareholders of the Company for the six months ended 30 June 2008 increased by 292.64% to RMB 5,438,000 (2007: RMB 1,385,000)
- Basic earnings per share was RMB 2.58 cents.

THE INTERIM 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 six months and three months ended 30 June 2008 together with the comparative unaudited figures for the corresponding periods in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	Six months ended 30 June		Three months ended 30 June	
		2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Turnover	3	35,058	21,313	16,237	10,836
Cost of sales		(11,202)	(6,502)	(5,825)	(4,069)
Gross Profit		23,856	14,811	10,412	6,767
Other revenue	5	2,956	2,507	1,308	1,076
Other gains and losses	6	356	(73)	356	355
Distribution costs		(8,901)	(6,418)	(3,726)	(2,468)
Administrative expenses		(10,884)	(9,244)	(5,108)	(4,330)
Other operating expenses		(72)	(21)	(31)	(1)
Operating profit		7,311	1,562	3,211	1,399
Share of results of associate		(158)	89	(158)	(1)
Profit before taxation	7	7,153	1,651	3,053	1,398
Income tax	8	(1,715)	(266)	(738)	(297)
Profit for the period		5,438	1,385	2,315	1,101
Attributable to:					
Equity holders of the Company		5,438	1,385	2,315	1,101
Minority interests		—	—	—	—
		5,438	1,385	2,315	1,101
Basic earnings per share (RMB cents)	9	2.58	0.66	1.10	0.53

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited At 30 June 2008 RMB'000	Audited At 31 December 2007 RMB'000
	Note		
Non-current assets			
Property, plant and equipment	11	37,523	38,686
Interest in associate		104	278
		37,627	38,964
Current assets			
Inventories		25	15
Trade and other receivables	12	3,873	5,167
Cash and cash equivalents		83,283	76,625
		87,181	81,807
Current liabilities			
Trade and other payables	13	26,937	31,469
Taxation		3,101	1,714
		30,038	33,183
Net current assets		57,143	48,624
Non-current liabilities			
Deferred revenue		4,062	2,385
Net assets		90,708	85,203
Equity			
Share capital		22,420	22,420
Reserves		68,264	62,759
Equity attributable to equity holders of the Company		90,684	85,179
Minority interests		24	24
Total equity		90,708	85,203

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDTED)

Six months ended 30 June 2008

	Share capital	Share premium	Exchange reserve	General reserve	Accumulated earnings	Merger reserve	Attributable to equity holders of the Company	Minority interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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	—	—	(161)	—	—	—	(161)	(1)	(162)
Net profit for the period	—	—	—	—	1,385	—	1,385	—	1,385
At 30 June 2007	<u>22,420</u>	<u>33,124</u>	<u>(377)</u>	<u>7,491</u>	<u>(11,201)</u>	<u>23,765</u>	<u>75,222</u>	<u>25</u>	<u>75,247</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	—	—	67	—	—	—	67	—	67
Net profit for the period	—	—	—	—	5,438	—	5,438	—	5,438
At 30 June 2008	<u>22,420</u>	<u>33,124</u>	<u>(523)</u>	<u>8,172</u>	<u>3,726</u>	<u>23,765</u>	<u>90,684</u>	<u>24</u>	<u>90,708</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
(UNAUDITED)**

	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash inflow from operating activities	7,034	5,198
Net cash outflow from investing activities	(376)	(2,471)
	<u> </u>	<u> </u>
Decrease in cash and cash equivalents	6,658	2,727
Cash and cash equivalents at 1 January	76,625	47,849
	<u> </u>	<u> </u>
Cash and cash equivalents at 30 June	<u>83,283</u>	<u>50,576</u>

1. BASIS OF PREPARATION

The Group's unaudited condensed interim 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 interim financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31 December 2007.

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

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
HKFRS 8	Operating Segments	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
HK(IFRIC) - Int 13	Customer loyalty programmes	1 July 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			
	Six months ended		Three months ended	
	30 June		30 June	
	2008	2007	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>Restated</i>		<i>Restated</i>
Information service fees	17,853	4,005	8,312	2,389
Maintenance service fees	14,386	14,812	6,786	6,934
Sale of computer software	2,309	1,825	860	1,174
Others	510	671	279	339
	<u>35,058</u>	<u>21,313</u>	<u>16,237</u>	<u>10,836</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 six months ended 30 June 2008 and 2007 were located in the PRC. Accordingly, no geographical segment information is presented.

5. OTHER REVENUE

	Unaudited			
	Six months ended		Three months ended	
	30 June		30 June	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Value added tax refund (Note)	2,247	2,279	921	989
Interest income	691	230	375	91
Sundries	18	(2)	12	(4)
	<u>2,956</u>	<u>2,507</u>	<u>1,308</u>	<u>1,076</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			
	Six months ended		Three months ended	
	30 June		30 June	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Write back of other payables	315	—	315	—
Gain on disposal of property, plant and equipment	41	—	41	—
Net unrealised (loss)/gain on investments held for trading	—	(73)	—	355
	<u>356</u>	<u>(73)</u>	<u>356</u>	<u>355</u>

7. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	Unaudited			
	Six months ended		Three months ended	
	30 June		30 June	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation	<u>1,540</u>	<u>1,205</u>	<u>775</u>	<u>562</u>

8. INCOME TAX

	Unaudited			
	Six months ended		Three months ended	
	30 June		30 June	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Foreign enterprise income tax	<u>1,715</u>	<u>266</u>	<u>738</u>	<u>297</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.

9. BASIC EARNINGS PER SHARE

	Unaudited			
	Six months ended		Three months ended	
	30 June		30 June	
	2008	2007	2008	2007
Earnings per share				
(RMB cents)	2.58	0.66	1.10	0.53

The calculation of basic earnings per share for the six months and three months ended 30 June 2008 is based on the profit attributable to equity holders of the Company of RMB 5,438,000 (2007: RMB 1,385,000) and RMB 2,315,000 (2007: RMB 1,101,000) respectively divided by the weighted average number of 210,500,000 (2007: 210,500,000) ordinary shares in issue during the period.

10. DIVIDENDS

The Board does not recommend the payment of any dividends attributable to the six months ended 30 June 2008 and 2007.

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2008	34,592	3,486	4,256	340	378	43,052
Additions	—	32	339	6	—	377
Disposals	(137)	—	—	—	—	(137)
	<u>34,455</u>	<u>3,518</u>	<u>4,595</u>	<u>346</u>	<u>378</u>	<u>43,292</u>
Accumulated depreciation:						
At 1 January 2008	2,075	456	1,401	94	340	4,366
Charge for the period	775	356	382	27	—	1,540
Write back on disposal	(137)	—	—	—	—	(137)
	<u>2,713</u>	<u>812</u>	<u>1,783</u>	<u>121</u>	<u>340</u>	<u>5,769</u>
Net book value:						
At 30 June 2008 (unaudited)	<u>31,742</u>	<u>2,706</u>	<u>2,812</u>	<u>225</u>	<u>38</u>	<u>37,523</u>
At 31 December 2007 (audited)	<u>32,517</u>	<u>3,030</u>	<u>2,855</u>	<u>246</u>	<u>38</u>	<u>38,686</u>

12. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2008 <i>RMB'000</i>	Audited 31 December 2007 <i>RMB'000</i>
Trade receivables	1,887	2,466
Other receivables	985	1,275
Deposits and prepayments	1,001	1,426
	<u>3,873</u>	<u>5,167</u>

The Group's policy is to allow a credit period of 30 days from the date of billing to its trade customers and all receivables are in RMB.

The following is an aged analysis of trade receivables, net of provision for impairment of trade receivables, as of the balance sheet date:

	Unaudited 30 June 2008 <i>RMB'000</i>	Audited 31 December 2007 <i>RMB'000</i>
Current	833	1,320
1 month to 3 months overdue	476	588
More than 3 months but less than 12 months	467	482
More than 12 months	111	76
	<u>1,887</u>	<u>2,466</u>

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

13 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2008 <i>RMB'000</i>	Audited 31 December 2007 <i>RMB'000</i>
Trade payables	2,600	2,956
Receipt in advance	647	648
Other creditors and accruals	2,787	4,073
Deferred revenue	20,903	23,792
	<u>26,937</u>	<u>31,469</u>

All trade payables are due within one month and all trade and other payable balances are expected to be settled within one year.

Deferred revenue represents maintenance service fees received in advance.

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

14. OPERATING LEASE ARRANGEMENTS

At 30 June 2008, the Group had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

	Unaudited 30 June 2008 <i>RMB'000</i>	Audited 31 December 2007 <i>RMB'000</i>
Within 1 year	374	360
In the second to fifth years inclusive	162	—
	<u>536</u>	<u>360</u>

The Group leases a number of properties under operating leases, which typically run for an initial period of 1 to 2 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

15. RELATED PARTY TRANSACTIONS

The Group does not have any material related party transactions in the six months ended 30 June 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2008:

The total income has reached RMB35,058,000, representing an increase of 64.49% as compared with the six months ended 30 June 2007.

RMB17,853,000 has been recorded as information service fees, representing an increase of 345.70% as compared with the six months ended 30 June 2007. Information service fees represent 50.90% of the turnover in the period.

RMB14,386,000 has been recorded as maintenance service fees, representing a decrease of 2.80% as compared with the six months ended 30 June 2007. Maintenance service fees represent 41.00% of the turnover in the period.

RMB2,309,000 has been recorded as sale of computer software, representing an increase of 26.50% as compared with the six months ended 30 June 2007. Sale of computer software represents 6.50% of the turnover in the period.

The Group recorded a net profit attributable to shareholders of RMB5,438,000 (2007: RMB1,385,000), representing an increase of 292.64% mainly because of the increase of turnover.

Basic earnings per share was RMB2.58 cents.

At 30 June 2008, the Group's cash and cash equivalents is RMB83,283,000.

BUSINESS REVIEW

For the six months ended 30 June 2008, the Group has recorded RMB17,853,000 information service fee, representing an increase of 345.70% to the same period of last year. The information service fee represents 50.90% of the total turnover for the period. In this part, the income from Qianlong Gang Gu Tong is very obvious. For the six months ended 30 June 2008, the income for Qianlong Gang Gu Tong has recorded RMB13,987,000, representing an increase of 333.30% as compared to the same period of last year. The main reason is that Chinese investors started to invest in Hong Kong market since last second quarter. The number of people purchased this product has increased greatly and most of them prepaid one year's fee which has extended to the current period.

The turnover increased but the cost has also increased. For six months ended 30 June 2008, the cost of sales was RMB11,202,000 (2007: RMB6,502,000), representing an increase of 72.20% to the same period of last year. In these amount, the cost for Qianlong Gang Gu Tong was RMB6,387,375 (2007: RMB2,220,472), representing an increase of 187.60% to the same period of last year.

For the six months ended 30 June 2008, the distribution cost and administration expenses was RMB19,785,000 (2007: RMB15,662,000), representing an increase of 26.32% to the same period of last year. In these amount, the cost for staff was RMB11,304,000 (2007: RMB8,836,972), representing an increase of 27.90% to the same period of last year.

WORKING CAPITAL AND FINANCIAL RESOURCES

The Group's capital used in operating and investment activities are generated from operation activities.

In the first half year of 2008, the Group's net cash inflow from operating activities was RMB7,034,000, while RMB5,198,000 was recorded in the same period in previous year. The increase is mainly because the Group's income in the first half year has increased.

At 30 June 2008, the Group's cash and cash equivalents was RMB83,283,000, the total current asset was RMB87,181,000 and the total current liabilities was RMB30,038,000.

PRODUCT DEVELOPMENT

According to the new characteristics of securities market in 2008, the Company has improved the product lines of enterprise user's market to securities brokers. For example the products including stock index futures, commodity futures, Linux no-disc system have already got confirmation from the users and occupied the market advantages.

On the basis of information analysis system of Network version used for online transaction, the consignment transaction function has been added and started the wide range of launch on the basis of successful application of some customers such as Guotai Jun'an, Huatai and Shenying Wanguo; The using rate is also improving stably.

On the individual products, Gang Gu Tong and Level 2 have been the top 2 data service products and their performance met the market status. The development for new age of intellectual decision analysis system will be completed soon and will be launched to the market on a suitable opportunity.

On the financial data products side, F10, database products LonDB and related derivatives have been exploited successfully on the market. The leading position in the industry has been confirmed and the Company also achieved prospect development on the bank tailored products such as the development service of securities, funds and financial management websites. Among them, the fund channel of China CITIC bank successfully goes online.

The successful launch of new products is building Qianlong a famous financial information product and service brand.

DEPLOYMENT OF HUMAN RESOURCES

The total number of staff of the Group as at 30 June 2008 was 244 (30 June 2007: 228). 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. The total cost for staff for the six months ended 30 June 2008 is approximately RMB11,304,000 (Six months ended 30 June 2007: RMB8,836,973), representing an increase of 27.90% as compared with the same period of the previous year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 June 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 30 June 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	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 30 June 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, as at 30 June 2008, 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.

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 30 June 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 six months ended 30 June 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 30 June 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 30 June 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 six months ended 30 June 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 six months ended 30 June 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 control system of the Group. The audit committee comprises three members, Ms. Chiu Kam Hing, Kathy, Mr. Chang Long Teng and Mr. Cheong Chan Kei, Ernest, all of them are independent non-executive Directors. Ms. Chiu Kam Hing, Kathy is the chairman of the audit committee.

The audit committee has already reviewed the Group's unaudited consolidated results for the six months ended 30 June 2008, which 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 2008.

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

13 August 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. Chiu Kam Hing, Kathy, Mr. Chang Long Teng and Mr. Cheong Chan Kei, Ernest.