



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
FOR THE PERIOD ENDED 30 JUNE 2010**

* *For identification purpose only*

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

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

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This report, for which the directors of Qianlong Technology International Holdings Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to Qianlong Technology International Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover for the six months ended 30 June 2010 increased by 43.14% to RMB 54,267,000 (2009: RMB 37,912,000)
- Profit attributable to owners of the Company for the six months ended 30 June 2010 increased by 33.40% to RMB11,543,000 (2009: RMB8,653,000)
- Basic and diluted earnings per share was RMB4.57 cents (2009: RMB3.43 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 ended 30 June 2010 together with the comparative unaudited figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

| | Notes | Six months ended 30 June | | Three months ended 30 June | |
|---------------------------------------------------------------------------------------|-------|-----------------------------|-----------------|-------------------------------|-----------------|
| | | 2010 RMB'000 | 2009 RMB'000 | 2010 RMB'000 | 2009 RMB'000 |
| Turnover | 3 | 54,267 | 37,912 | 27,273 | 20,317 |
| Cost of sales | | (14,673) | (9,768) | (7,650) | (5,321) |
| Gross profit | | 39,594 | 28,144 | 19,623 | 14,996 |
| Other income | 5 | 7,215 | 4,065 | 3,910 | 1,633 |
| Other gains and losses | 6 | 146 | 90 | 22 | 53 |
| Selling and distribution costs | | (20,552) | (9,628) | (9,337) | (4,986) |
| Administrative expenses | | (14,055) | (12,613) | (6,402) | (5,789) |
| Other operating expenses | | — | (20) | — | (20) |
| Profit before income tax | 7 | 12,348 | 10,038 | 7,816 | 5,887 |
| Income tax | 8 | (805) | (1,385) | (385) | (861) |
| Profit attributable to owners of the Company | | 11,543 | 8,653 | 7,431 | 5,026 |
| Other comprehensive income in the period: | | | | | |
| Exchange differences on translating foreign operations | | (362) | (7) | (301) | (9) |
| Total comprehensive income for the period attributable to owners of the Company | | 11,181 | 8,646 | 7,130 | 5,017 |
| Earnings per share | | | | | |
| -Basic and diluted | 9 | RMB4.57 cents | RMB3.43 cents | RMB2.94 cents | RMB1.99 cents |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | Unaudited At 30 June 2010 | Audited At 31 December 2009 |
|---------------------------------------------------------|--------------|------------------------------------------|--------------------------------------------|
| | <i>Notes</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 34,789 | 35,086 |
| Current assets | | | |
| Inventories | | 32 | 77 |
| Trade and other receivables | 12 | 16,797 | 4,363 |
| Deposits and prepayments | | 4,744 | 5,277 |
| Investments held for trading | | 8,000 | 8,000 |
| Cash and cash equivalents | | 143,983 | 132,362 |
| Total current assets | | 173,556 | 150,079 |
| Total assets | | 208,345 | 185,165 |
| Current liabilities | | | |
| Trade and other payables | 13 | 54,631 | 44,897 |
| Dividend payable | | 11,018 | — |
| Tax payable | | 2,892 | 1,851 |
| Total current liabilities | | 68,541 | 46,748 |
| Net current assets | | 105,015 | 103,331 |
| Total assets less current liabilities | | 139,804 | 138,417 |
| Non-current liabilities | | | |
| Deferred revenue | | 6,015 | 3,541 |
| Deferred tax liabilities | | 41 | 1,291 |
| Total non-current liabilities | | 6,056 | 4,832 |
| Total liabilities | | 74,597 | 51,580 |
| TOTAL NET ASSETS | | 133,748 | 133,585 |
| Equity attributable to owners of the Company | | | |
| Share capital | | 26,128 | 26,128 |
| Reserves | | 107,620 | 107,457 |
| TOTAL EQUITY | | 133,748 | 133,585 |

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

For the six months ended 30 June 2010

| | Share capital <i>RMB'000</i> | Share premium <i>RMB'000</i> | Exchange reserve <i>RMB'000</i> | General reserve <i>RMB'000</i> | Merger reserve <i>RMB'000</i> | Retained Profits <i>RMB'000</i> | Total equity <i>RMB'000</i> |
|----------------------------------------------|------------------------------------|------------------------------------|---------------------------------------|--------------------------------------|-------------------------------------|---------------------------------------|-----------------------------------|
| At 1 January 2009 | 26,128 | 44,939 | (791) | 10,644 | 22,036 | 12,522 | 115,478 |
| Total comprehensive income for the period | — | — | (7) | — | — | 8,653 | 8,646 |
| At 30 June 2009 | <u>26,128</u> | <u>44,939</u> | <u>(798)</u> | <u>10,644</u> | <u>22,036</u> | <u>21,175</u> | <u>124,124</u> |
| At 1 January 2010 | 26,128 | 44,939 | (3,683) | 14,017 | 24,598 | 27,586 | 133,585 |
| Total comprehensive income for the period | — | — | (362) | — | — | 11,543 | 11,181 |
| Interim dividend | — | — | — | — | — | (11,018) | (11,018) |
| At 30 June 2010 | <u>26,128</u> | <u>44,939</u> | <u>(4,045)</u> | <u>14,017</u> | <u>24,598</u> | <u>28,111</u> | <u>133,748</u> |

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)**

| | Six months ended 30 June | |
|--------------------------------------------------------|-------------------------------------|----------------|
| | 2010 | 2009 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Net cash inflow from operating activities | 12,135 | 10,565 |
| Net cash (outflow)/inflow from investing activities | <u>(514)</u> | <u>8,679</u> |
| Increase in cash and cash equivalents | 11,621 | 19,244 |
| Cash and cash equivalents at 1 January | <u>132,362</u> | <u>98,829</u> |
| Cash and cash equivalents at 30 June | <u>143,983</u> | <u>118,073</u> |

1. BASIS OF PREPARATION

The Group's unaudited 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 ("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.

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 2009.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

- (a) In the current period, the Group has adopted all the new or revised HKFRSs that are relevant to its operations and effective for the current accounting period of the Group. The adoption of these new or revised HKFRSs had no material effect on the reported results or financial position of the Group for both the current and prior reporting periods.

- (b) Potential impact arising on HKFRSs not yet effective

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

| | |
|-------------------------------|--------------------------------------------------------------------------|
| HKFRSs (Amendments) | Improvements to HKFRSs 2010 ¹ |
| HK(IFRIC) - Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments ² |
| HKAS 24 (Revised) | Related Party Disclosures ³ |
| HKFRS 9 | Financial Instruments ⁴ |

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

² Effective for annual periods beginning on or after 1 July 2010

³ Effective for annual periods beginning on or after 1 January 2011

⁴ Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the potential impact of these new or revised HKFRSs in the period of their initial application.

3. TURNOVER

Turnover represents the sales value of goods supplied to customers and 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 (the "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 | |
| | 2010 | 2009 | 2010 | 2009 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Maintenance service | | | | |
| and usage fees | 22,327 | 14,259 | 10,967 | 7,491 |
| Information service fees | 21,853 | 16,652 | 10,930 | 8,523 |
| Sale of computer software | 9,180 | 6,721 | 4,651 | 4,221 |
| Others | 907 | 280 | 725 | 82 |
| | <u>54,267</u> | <u>37,912</u> | <u>27,273</u> | <u>20,317</u> |

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

(a) Reportable segment

No separate business segment information is presented as the Group has only one business segment used by the chief operation decision-maker to make strategic decision, which is the distribution and usage of software and provision of related maintenance and information services.

(b) Geographical information

All operating assets and operations of the Group during the six months ended 30 June 2010 and 2009 were located in the PRC.

(c) Information about major customer

Revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue for the six months ended 30 June 2010 and 2009.

5. OTHER INCOME

| | Unaudited | | | |
|-----------------------------------|------------------|----------------|--------------------|----------------|
| | Six months ended | | Three months ended | |
| | 30 June | | 30 June | |
| | 2010 | 2009 | 2010 | 2009 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Value added tax refund | | | | |
| <i>(Note (i))</i> | 5,288 | 2,780 | 2,775 | 1,425 |
| Interest income | 1,103 | 984 | 344 | 182 |
| Subsidy income <i>(Note (ii))</i> | 730 | 283 | 730 | 4 |
| Sundries | 94 | 18 | 61 | 22 |
| | <u>7,215</u> | <u>4,065</u> | <u>3,910</u> | <u>1,633</u> |

Note:

- (i) A tax concession has been granted by the PRC tax authority to the Company's PRC subsidiaries which are engaged in the development and trading of computer software. Under this concession, the PRC subsidiaries are entitled to a refund of value added tax paid in excess of an effective rate of 3%. The amount of value added tax refund is recognised as other income on an accrual basis.
- (ii) Subsidy income for the six months and three months ended 30 June 2010 represents subsidies received from Shanghai Finance Bureau to finance the development of advanced technology and was calculated based on 50% of the business tax, value added tax and enterprise income tax paid to the local government last year.

6. OTHER GAINS AND LOSSES

| | Unaudited | | | |
|--------------------------------------------------|------------------|----------------|--------------------|----------------|
| | Six months ended | | Three months ended | |
| | 30 June | | 30 June | |
| | 2010 | 2009 | 2010 | 2009 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Gain on disposal of investments held for trading | 146 | 80 | 22 | 53 |
| Fair value gain on investments held for trading | — | 10 | — | — |
| | <u>146</u> | <u>90</u> | <u>22</u> | <u>53</u> |

7. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging:

| | Unaudited | | | |
|--------------|------------------|----------------|--------------------|----------------|
| | Six months ended | | Three months ended | |
| | 30 June | | 30 June | |
| | 2010 | 2009 | 2010 | 2009 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Depreciation | 1,914 | 1,646 | 980 | 873 |

8. INCOME TAX

| | Unaudited | | | |
|--------------------------------------|------------------|----------------|--------------------|----------------|
| | Six months ended | | Three months ended | |
| | 30 June | | 30 June | |
| | 2010 | 2009 | 2010 | 2009 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| PRC foreign enterprise income tax | 805 | 1,385 | 385 | 861 |

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

Shanghai Qianlong Advanced Technology Company Limited, a PRC operating subsidiary of the Company, which is engaging in advanced technology operation is entitled to enterprise income tax rate of 15% according to Session 111 of the National Enterprise Income Tax Law in 2008.

Shanghai Qianlong Network Technology Company Limited, a PRC operating subsidiary of the Company, which is engaging in trading of computer software is entitled to enjoy the enterprise income tax at the concessionary rate of 12.5% for 2 years from January 2010 to December 2011 according to "Finance tax No. 2008-1" issued by the Treasury and National Tax bureau in 2010.

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months and three months ended 30 June 2010 is based on the profit attributable to owners of the Company of RMB11,543,000 (2009: RMB8,653,000) and RMB7,431,000 (2009: RMB5,026,000) and 252,600,000 (2009: 252,600,000) ordinary shares in issue during the period.

During the six months ended 30 June 2010 and 2009, the diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares in issue during these two periods.

10. DIVIDENDS

The Board declared an interim dividend of HK\$0.05 (equivalent to RMB0.044) (2009: HK\$ Nil) per share for the six months ended 30 June 2010 to shareholders whose names appeared on the Register of Members of the Company at the close of business on 7 June 2010.

11. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold land and buildings <i>RMB'000</i> | Leasehold improve- ments <i>RMB'000</i> | Computer equipment <i>RMB'000</i> | Furniture, fixtures and office equipment <i>RMB'000</i> | Total <i>RMB'000</i> |
|----------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------|-------------------------|
| Cost: | | | | | |
| At 1 January 2010 | 34,455 | 4,452 | 5,513 | 737 | 45,157 |
| Additions | — | 855 | 718 | 43 | 1,616 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 June 2010 | 34,455 | 5,307 | 6,231 | 780 | 46,773 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Accumulated depreciation and impairment losses: | | | | | |
| At 1 January 2010 | 5,039 | 1,938 | 2,885 | 209 | 10,071 |
| Charge for the period | 775 | 472 | 590 | 76 | 1,913 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 June 2010 | 5,814 | 2,410 | 3,475 | 285 | 11,984 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Carrying amount: | | | | | |
| At 30 June 2010 (unaudited) | <u>28,641</u> | <u>2,897</u> | <u>2,756</u> | <u>495</u> | <u>34,789</u> |
| At 31 December 2009 (audited) | <u>29,416</u> | <u>2,514</u> | <u>2,628</u> | <u>528</u> | <u>35,086</u> |

12. TRADE AND OTHER RECEIVABLES

| | Unaudited 30 June 2010 <i>RMB'000</i> | Audited 31 December 2009 <i>RMB'000</i> |
|------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------|
| Trade receivables | 13,507 | 2,487 |
| Less: allowance for doubtful debts | (155) | (155) |
| | <hr/> | <hr/> |
| Trade receivables - net | 13,352 | 2,332 |
| Other receivables | 3,445 | 2,031 |
| | <hr/> | <hr/> |
| | <u>16,797</u> | <u>4,363</u> |

- (a) The Group's policy is to allow a credit period of 30 days from the date of billing to its trade customers. All trade receivables are denominated in Renminbi.
- (b) At 30 June 2010, the Group's trade receivable of about RMB155,000 (2009: RMB Nil) were individually determined to be impaired. The individually impaired receivables related to debts that are long outstanding and management expected these debts to be irrecoverable. The Group does not hold any collateral over these balances.
- (c) The following is an ageing analysis of trade receivables, based on the invoice date and net of impairment loss, at the end of the reporting period:

| | Unaudited 30 June 2010 <i>RMB'000</i> | Audited 31 December 2009 <i>RMB'000</i> |
|--------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------|
| Within 1 month | 9,621 | 1,257 |
| 1 to 3 months | 2,791 | 532 |
| More than 3 months but less than 12 months | 886 | 490 |
| More than 12 months | 54 | 53 |
| | <hr/> | <hr/> |
| | <u>13,352</u> | <u>2,332</u> |

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

13. TRADE AND OTHER PAYABLES

| | Unaudited 30 June 2010 <i>RMB'000</i> | Audited 31 December 2009 <i>RMB'000</i> |
|-----------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------|
| Trade payables | 2,388 | 2,285 |
| Receipts in advance | 666 | 844 |
| Other payables and accruals | 5,782 | 5,748 |
| Deferred revenue | 45,795 | 36,020 |
| | <u>54,631</u> | <u>44,897</u> |

The following is an ageing analysis of trade payables, based on the invoice date, at the end of the reporting period:

| | Unaudited 30 June 2010 <i>RMB'000</i> | Audited 31 December 2009 <i>RMB'000</i> |
|--------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------|
| Within 1 month | 1,000 | 1,203 |
| 1 to 3 months | 1,130 | 932 |
| More than 3 months but less than 12 months | 250 | 147 |
| More than 12 months | 8 | 3 |
| | <u>2,388</u> | <u>2,285</u> |

- (a) All other payables and accruals are expected to be settled within one year.
- (b) The directors consider that the carrying amount of trade and other payables approximates their fair value.

14. OPERATING LEASE ARRANGEMENTS

At 30 June 2010, the Group had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

| | Unaudited 30 June 2010 <i>RMB'000</i> | Audited 31 December 2009 <i>RMB'000</i> |
|----------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------|
| Within one year | 1,642 | 1,212 |
| In the second to fifth years inclusive | <u>804</u> | <u>722</u> |
| | <u><u>2,446</u></u> | <u><u>1,934</u></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 during the six months ended 30 June 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2010, the Group made great achievements and reported a turnover of RMB54,267,000 (2009:RMB37,912,000), representing an increase of 43.14% as compared with that for the same period of the previous year.

For the six months ended 30 June 2010, the Group has recorded revenue of RMB22,327,000 from maintenance service and usage fees (2009: RMB14,259,000), representing an increase of 56.58% as compared to the same period of last year. Income from information service fee was RMB21,853,000 (2009: RMB16,652,000), representing an increase of 31.23% to the same period of last year. The income from sale of computer software was RMB9,180,000 (2009: RMB6,721,000), representing an increase of 36.59% to the same period of last year. The other income was RMB907,000 (2009:RMB280,000).

For the six months ended 30 June 2010, the cost of sales was RMB14,673,000 (2009: RMB9,768,000), representing an increase of 50.21% as compared to the same period of last year. Among this, the cost for Qianlong Gang Gu Tong was RMB4,970,000 (2009: RMB4,394,000), representing an increase of 13.11% as compared to the same period of last year. The cost for Level 2 was RMB6,172,000 (2009: RMB3,287,000), representing an increase of 87.77% as compared to the same period of last year. The cost for Golden Eyes and Futures Index was RMB1,454,000 (2009: RMB160,000).

The increase of revenue resulted in great profit for the period. The Group recorded a net profit attributable to owners of the Company of RMB11,543,000 for the six months ended 30 June 2010, representing an increase of 33.40% as compared with RMB8,653,000 for the same period of the previous year.

The basic and diluted earnings per share was RMB4.57 cents (2009: RMB3.43 cents).

PRODUCT DEVELOPMENT

With the wide usage of the consignment transaction platform by customers such as Century Securities, Orient Securities, Huatai Securities, Minsheng Securities, the application has been further improved and is becoming predominant. At the same time, the development for safety products continues successfully. After completion, the products will enhance the competition edge for consignment transaction products. The Hong Kong Securities consignment transaction platform has added the function of batch consignment to meet high end investors' requirements.

On individual users' products, the Company has improved the "Qianlong Futures Index Winner". The product uses SK wave strategy, AF alarm strategy to make Qianlong Futures Index the undoubted frontrunner of the professional stock index and futures strategy analysis software in mainland China, establishing a solid reputation among high end investors of stock index and futures.

Moreover, the mobile phone version of "Palm Qianlong" has completed development. Qianlong mobile phone version supports the application of cross-platform value added service. Although developed later, the advanced design has made this product the leader of domestic mobile phone securities software. Palm Qianlong is anticipated to acquire abundant new customers for the Company.

Qianlong's new generation of finance platform has attained further development and has begun trial launch among Qianlong's end users. The users' feedback has been very effectual. After incorporating suggested improvements in function, content and performance, the product will bring securities software industry to a completely new level.

BUSINESS REVIEW

During the year, the economy of Mainland China continues to be in the recovery process; the progress of the economy effects the improvement of securities markets. Securities market transaction products are improving continuously. Other than stock, debts, funds, futures and such main financial products, financial instruments and stock index futures have launched or will be launching, pushing the securities market to further expand. For the six months ended 30 June 2010, the Group's growth appears prosperous with increases in sales and continuous expansion of market scale. To accommodate the changing market, the Group's management team is launching new products, accelerating adjustments to product structure; increasing investment in research, developing new products actively and enhancing the quality of current products; expanding human resource team by method of combining outside recruitment and inside training to establish good human resource and technical reserve; improving current business, encouraging business innovation; strengthening sales team organization, building services structure and improving service standard.

With hardware updates in securities houses and the variance of investors' requirements, the current Novell platform cannot meet the requirements of the fast changes made by securities houses. Therefore, the Company researched and developed a complete solution based on Linux platform. The complete system has been transferred from Novell platform to Linux platform with consideration to practicability and safety. The layout and function on the customers' end retain Qianlong's traditional features and usage, allowing a seamless transfer without users noting a system change at all. This was greatly welcomed by the securities houses, resulting in good sales trend.

For the six months ended 30 June 2010, the Group has recorded RMB 14,061,000 on Internet version market, representing 25.91% of the total turnover. The Group has recorded RMB 11,509,000 on Gang Gu Tong used for Hong Kong securities information, representing 21.21% of the total turnover.

MAJOR INVESTMENT

As at 30 June 2010, the Company's subsidiary Shanghai Qianlong Network Technology Company Limited has held unlisted investment fund of RMB 8,000,000. The term of RMB 4,000,000 investment funds is 92 days and will mature on 24 September 2010 and for the other RMB 4,000,000 investment fund the term is 183 days and will mature on 22 October 2010.

SELLING AND DISTRIBUTION COST

For the six months ended 30 June 2010, selling and distribution cost amounted to RMB20,552,000 (2009: RMB9,628,000), representing an increase of 113.46%. The increase was mainly due to increase in advertising and promotion fees and increase in sales staff costs as a result of the business expansion.

WORKING CAPITAL AND FINANCIAL RESOURCES

At 30 June 2010, the Group's working capital and financial resources improved as compared to that at 31 December 2009. At 30 June 2010, the Group's cash and cash equivalents was RMB143,983,000 (31 December 2009: RMB132,362,000). Therefore, the Group's financial position is very stable.

DEPLOYMENT OF HUMAN RESOURCES

The total number of staff of the Group as at 30 June 2010 was 384 (30 June 2009: 290). 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 six months ended 30 June 2010, the total cost for staff (including salary, bonus and other benefits) is approximately RMB17,745,000 (2009: RMB12,171,000), representing an increase of 45.80%.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2010 and 30 June 2009.

GEARING RATIO

Since its establishment, the Group has neither made any loan arrangements with nor obtained any credit facilities from any financial institutions. Therefore, the gearing ratio of the Group, which is net borrowings over shareholders' funds, has remained zero. At the same time, the Group's assets have never been subject to any securities or mortgages.

EXPOSURE ON EXCHANGE RATE FLUCTUATION

Most of the income and expenditure of the Group were denominated in RMB and only a little is denominated in Hong Kong dollars. Therefore, the Group considered the exchange rate fluctuation exposure is small and thus no financial instruments have been used for hedging purposes.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

As at 30 June 2010, 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 | 1.979% |
| Chen Shen Tien | Corporate (Notes (i) and (ii)) | 40,250,000 | 15.934% |
| Fan Ping Yi | Corporate (Notes (i) and (ii)) | 24,500,000 | 9.699% |
| Yang Ching Shou | Corporate (Notes (i) and (ii)) | 24,500,000 | 9.699% |
| Chen Ming Chuan | Corporate (Notes (i) and (ii)) | 18,375,000 | 7.274% |
| Yu Shih Pi | Corporate (Notes (i) and (ii)) | 14,875,000 | 5.889% |

Notes: (i) As at 30 June 2010, Mr. Chen Shen Tien is the sole shareholder of Red Coral Financial Limited which holds 40,250,000 shares, representing a 15.934% interest in the Company. Mr. Fan Ping Yi and his spouse, Ms. Ko Hsiu Fen, are the sole shareholders of Sapphire World Investment Limited which holds 24,500,000 shares, representing a 9.699% interest in the Company. Mr. Yang Ching Shou, Peter and his spouse, Ms. Lai Ying Ming, are the sole shareholders of Legend Isle Technology Limited which holds 24,500,000 shares, representing a 9.699% interest in the Company. Mr. Chen Ming Chuan is the sole shareholder of Star Channel Technology Limited which holds 18,375,000 shares, representing a 7.274% interest in the Company. Mr. Yu Shih Pi is the sole shareholder of Star Orient Global Limited which holds 14,875,000 shares, representing a 5.889% interest in the Company.

(ii) According to the register of substantial shareholders required to be maintained under section 336 of the SFO, the Company has been notified of these interests, being 5% or more of the issued share capital of the Company.

Save as disclosed above, as at 30 June 2010, 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 to 5.68 of the GEM Listing Rules.

SUBSTANTIAL INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2010, 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 shares held | Percentage of the Company's issued share capital |
|-----------------------------------|------------------------------|---------------------------------------------------------|
| Red Coral Financial Limited | 40,250,000 | 15.934% |
| Sapphire World Investment Limited | 24,500,000 | 9.699% |
| Legend Isle Technology Limited | 24,500,000 | 9.699% |
| Star Channel Technology Limited | 18,375,000 | 7.274% |
| Star Orient Global Limited | 14,875,000 | 5.889% |

Note: As at 30 June 2010, Mr. Chen Shen Tien is the sole shareholder of Red Coral Financial Limited which holds 40,250,000 shares, representing a 15.934% interest in the Company. Mr. Fan Ping Yi and his spouse, Ms. Ko Hsiu Fen, are the sole shareholders of Sapphire World Investment Limited which holds 24,500,000 shares, representing a 9.699% interest in the Company. Mr. Yang Ching Shou, Peter and his spouse, Ms. Lai Ying Ming, are the sole shareholders of Legend Isle Technology Limited which holds 24,500,000 shares, representing a 9.699% interest in the Company. Mr. Chen Ming Chuan is the sole shareholder of Star Channel Technology Limited which holds 18,375,000 shares, representing a 7.274% interest in the Company. Mr. Yu Shih Pi is the sole shareholder of Star Orient Global Limited which holds 14,875,000 shares, representing a 5.889% interest in the Company.

Save as disclosed above, the Directors were not aware of any other person (other than Directors or 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 the SFO.

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.

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 2010.

The Chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman will propose the appointment of such candidates to each member of the Board for consideration and each member of the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of his qualifications, experience and background. The decision of appointing a director must be approved 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 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 2010 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 six months ended 30 June 2010, 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 2010, 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 2010, 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 2010.

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

13 August 2010

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

This announcement will remain on the "Latest Company Announcement" page of the GEM website for at least 7 days from the date of its posting.

* *For identification purpose only*