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:1236)

INTERIM REPORT

FOR THE PERIOD ENDED 30 JUNE 2013

* *For indentification purpose only*

INTERIM RESULTS HIGHLIGHTS

Turnover for the six months ended 30 June 2013 decreased by 8.88% to RMB47,021,000 (2012: RMB51,605,000).

Loss for the six months ended 30 June 2013 amounted to RMB6,528,000 (2012: Profit of RMB5,001,000).

Basic and diluted loss per share was RMB2.58 cents (2012: basic and diluted earnings per share RMB1.98 cents)

THE INTERIM RESULTS (UNAUDITED)

The board (the "Board") of directors (the "Directors") 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 period ended 30 June 2013 together with the comparative unaudited figures for the corresponding period in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		Six months ended 30 June	
	Notes	**2013**	2012
		RMB'000	*RMB'000*
Turnover	3	**47,021**	51,605
Cost of sales		**(14,351)**	(15,085)
Gross profit		**32,670**	36,520
Other income	5	**6,596**	6,298
Other gains	6	**512**	668
Selling and distribution costs		**(17,613)**	(16,343)
Administrative expenses		**(28,693)**	(21,522)
(Loss)/profit before income tax	7	**(6,528)**	5,621
Income tax	8	**–**	(620)
(Loss)/profit for the period		**(6,528)**	5,001
Other comprehensive income for the period			
Exchange differences on translating foreign operations which may be reclassified to profit or loss subsequently		**(591)**	229
Total comprehensive income for the period		**(7,119)**	5,230
(Loss)/earnings per share			
– Basic and diluted	9	**RMB(2.58) cents**	RMB1.98 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Notes	**30 June 2013** *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (audited)
Non–current assets			
Property, plant and equipment	11	**25,605**	26,874
Investment properties	12	**15,192**	15,594
Prepaid lease payments		**38,328**	38,328
Deferred tax assets		**315**	–
Total non–current assets		**79,440**	80,796
Current Assets			
Inventories		**40**	36
Trade and other receivables	13	**13,038**	10,502
Deposits and prepayments		**6,246**	4,871
Investments held for trading		**–**	5,000
Cash and cash equivalents		**132,301**	130,061
Total current assets		**151,625**	150,470
Total assets		**231,065**	231,266
Current liabilities			
Trade and other payables	14	**21,429**	16,783
Deferred revenue		**44,969**	42,634
Tax payable		**4,172**	2,671
Total current liabilities		**70,570**	62,088
Net current assets		**81,055**	88,382
Total assets less current liabilities		**160,495**	169,178

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (audited)
Non–current liabilities			
Deferred revenue		**9,162**	9,413
Deferred tax liabilities		**–**	1,313
Total non–current liabilities		**9,162**	10,726
Total liabilities		**79,732**	72,814
NET ASSETS		**151,333**	158,452
Equity attributable to owners of the Company			
Share capital		**26,128**	26,128
Reserves		**125,205**	132,324
TOTAL EQUITY		**151,333**	158,452

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2013

		Reserves					
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Exchange reserve** *RMB'000*	**General reserve** *RMB'000*	**Merger reserve** *RMB'000*	**Retained profits** *RMB'000*	**Total equity** *RMB'000*
Balance at 1 January 2012	26,128	33,921	(5,870)	21,311	24,598	63,836	163,924
Profit for the period	–	–	–	–	–	5,001	5,001
Other comprehensive income	–	–	229	–	–	–	229
Total comprehensive income	–	–	229	–	–	5,001	5,230
Balance at 30 June 2012	26,128	33,921	(5,641)	21,311	24,598	68,837	169,154
Balance at 1 January 2013	26,128	23,692	(5,878)	22,487	24,598	67,425	158,452
Loss for the period	–	–	–	–	–	(6,528)	(6,528)
Other comprehensive income	–	–	(591)	–	–	–	(591)
Total comprehensive income	–	–	(591)	–	–	(6,528)	(7,119)
Balance at 30 June 2013	26,128	23,692	(6,469)	22,487	24,598	60,897	151,333

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Net cash outflow from operating activities	**(3,396)**	(4,158)
Net cash inflow from investing activities	**5,636**	3,851
Increase/(decrease) in cash and cash equivalents	**2,240**	(307)
Cash and cash equivalents at 1 January	**130,061**	130,891
Cash and cash equivalents at 30 June	**132,301**	130,584

NOTES:

1. Corporate information

The Company was incorporated as an exempted company with limited liability in Cayman Islands on 6 May 1998 under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands. The registered office of the Company is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The principal activities of the Group are research, development and distribution of software, and provision of related maintenance, usage and information services in the People's Republic of China (the "PRC").

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standards 34 "Interim Finance Reporting" 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 2012. The adoption of the new or revised standards and interpretations has no significant impact on the Group's financial position for the current and prior periods.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified for certain financial instruments which are carried at fair value.

3. Turnover

Turnover represents the sales value of goods supplied to customers and the service fees receivable, net of goods returned, trade discounts and value added tax. The Group's products and services are mainly sold and provided to customers in the PRC. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Maintenance service and usage fees	**27,318**	29,902
Information service fees	**16,372**	18,558
Sale of computer software	**2,859**	1,696
Others	**472**	1,449
	47,021	51,605

4. Segment reporting

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

(a) Reportable segments

The Group operates in a single segment, which is distribution and usage of software and provision of related maintenance and information services. Revenue from external customers for related products and services are presented in Note 3.

(b) Geographical information

All operating assets and operations of the Group during the six months ended 30 June 2013 and 2012 were located in the PRC.

(c) Information about a major customer

Revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue for the six months ended 30 June 2013 and 2012.

5. Other income

	Unaudited Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Value added tax refund *(Note (a))*	**3,669**	4,082
Gross rental income from investment properties	**1,246**	407
Interest income	**1,157**	1,003
Subsidy income *(Note (b))*	**512**	799
Sundries	**12**	7
	6,596	6,298

Notes:

(a) A tax concession has been granted by the PRC tax authority to the Company's PRC subsidiaries which are engaged in the development and trading of computer software. Under this concession, the PRC subsidiaries are entitled to a refund of value added tax paid in excess of an effective rate of 3%. The amount of value added tax refund is recognised as other income on an accrual basis.

(b) Subsidy income for six months ended 30 June 2013 represented subsidies granted by Shanghai Finance Bureau to finance the PRC subsidiaries' development of advanced technology, including the subsidy income of RMB390,000 which was calculated based on 50% of the value added tax and enterprise income tax paid to the local government in last year and a subsidy of RMB121,365 calculated on 80% of the education surtax paid to the local government in last year.

6. Other gains

	Unaudited Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Gain on disposal of investments held for trading	**512**	668

7. (Loss)/profit before income tax

	Unaudited Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
(Loss)/profit before income tax is stated after charging the following:		
Depreciation of property, plant and equipment	**1,394**	2,141
Depreciation of investment property	**402**	401
Amortisation of prepaid lease payment	**684**	684

8. Income tax

	Unaudited Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
PRC foreign enterprise income tax	**–**	620

No provision for Hong Kong profits tax has been made as the Group had no assessable profit subject to Hong Kong profits tax for the current and prior periods.

On 16 March 2007, the National People's Congress approved the PRC Enterprise Income Tax Law ("New Tax Law"), which became effective from 1 January 2008. In accordance with the New Tax Law, the unified enterprise income tax rate of 25% will be applied to both domestic-invested enterprises and foreign-invested enterprises. Enterprises established prior to 16 March 2007 which are eligible for preferential tax treatment in accordance with the currently prevailing tax laws and administrative regulations shall, under the regulations of the State Council, gradually be subject to the new tax rate over a five-year transitional period until 2012.

Shanghai Qianlong Network Technology Company Limited, a PRC subsidiary of the Company which has obtained the High-New Technology Enterprise Certificate on 28 November 2011 and is entitled to enjoy the enterprise income tax rate at the concessionary rate of 15% for 3 years from 2011 to 2013 according to Article 28 of New Tax Law.

Shanghai Qianlong Advanced Technology Company Limited, a PRC subsidiary of the Company, which has obtained the High-New Technology Enterprise Certificate and continued to enjoy the preferential enterprise income tax rate of 15% for 3 years from 2011 to 2013 according to Article 28 of New Tax Law.

9. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss for the period of RMB6,528,000 (2012: profit of RMB5,001,000) and the weighted average number of 252,600,000 (2012: 252,600,000) ordinary shares in issue during the period.

Diluted (loss)/earnings per share for the six months ended 30 June 2013 and 2012 are the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue for these periods.

10. Dividends

The Board does not recommend the payment of any dividends attributable to the six months ended 30 June 2013. An interim dividend of HK$0.05 (equivalent to approximately RMB0.041) per share was declared for the six months ended 30 June 2012.

11. Property, plant and equipment

	Leasehold land and building	**Leasehold improvement**	**Computer equipment**	**Furniture, fixtures and office equipment**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2013	34,455	5,378	5,401	828	46,062
Additions	–	–	119	6	125
At 30 June 2013	34,455	5,378	5,520	834	46,187
Accumulated depreciation:					
At 1 January 2013	9,691	5,132	3,932	433	19,188
Charge for the period	775	143	399	77	1,394
At 30 June 2013	10,466	5,275	4,331	510	20,582
Carrying amount:					
At 30 June 2013 (Unaudited)	23,989	103	1,189	324	25,605
At 31 December 2012 (Audited)	24,764	246	1,469	395	26,874

12. Investment properties

	Investment properties *RMB'000*
Cost:	
At 1 January 2013 and 30 June 2013	16,910
Accumulated depreciation:	
At 1 January 2013	1,316
Charge for the period	402
At 30 June 2013	1,718
Carrying amount:	
At 30 June 2013 (Unaudited)	15,192
At 31 December 2012 (Audited)	15,594

13. Trade and other receivables

	Unaudited At 30 June 2013 ***RMB'000***	Audited At 31 December 2012 *RMB'000*
Trade receivables	**9,933**	6,777
Less: Impairment loss recognised	**(53)**	(53)
Trade receivables-net	**9,880**	6,724
Other receivables	**3,158**	3,778
	13,038	10,502

(a) The Group's policy is to allow an average 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 2013, the Group's trade receivables of RMB53,000 (31 December 2012: RMB53,000) 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 At 30 June 2013 ***RMB'000***	Audited At 31 December 2012 *RMB'000*
Within 1 month	**4,139**	4,480
1 to 3 months	**4,233**	680
More than 3 months but not more than 12 months	**1,244**	697
More than 12 months	**264**	867
	9,880	6,724

(d) The directors consider that the carrying amounts of trade and other receivables approximate their fair values.

14. Trade and other payables

	Unaudited At 30 June 2013 ***RMB'000***	Audited At 31 December 2012 *RMB'000*
Trade payables	**1,815**	2,225
Receipts in advance	**1,500**	1,404
Other payables	**1,883**	2,162
Rental deposits received	**407**	407
Accruals	**15,824**	10,585
	21,429	16,783

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

	Unaudited At 30 June 2013 ***RMB'000***	Audited At 31 December 2012 *RMB'000*
Within 1 month	**1,220**	1,182
1 to 3 months	**587**	860
More than 3 months but not more than 12 months	–	175
More than 12 months	**8**	8
	1,815	2,225

(b) All other payables and accruals are expected to be settled within one year.

(c) The directors consider that the carrying amounts of trade and other payables approximate their fair values.

15. Operating lease arrangement

(a) As lessee

At 30 June 2013, the Group had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

	Unaudited At 30 June 2013 ***RMB'000***	Audited At 31 December 2012 *RMB'000*
Within one year	**1,739**	2,415
In the second to fifth years inclusive	**258**	762
	1,997	3,177

(b) As lessor

At 30 June 2013, the Group's total future minimum lease receivables under non-cancellable operating leases are as follows:

	Unaudited At 30 June 2013 ***RMB'000***	Audited At 31 December 2012 *RMB'000*
Within one year	**1,904**	2,515
In the second to fifth years inclusive	–	635
	1,904	3,150

16. Event after the end of the reporting period

On 15 August 2013, the Board has declared a conditional special dividend. The Company will update Shareholders by further announcements.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2013, the Group reported a turnover of RMB47,021,000, representing a decrease of 8.88% as compared with RMB51,605,000 for the same period last year.

Gross profit margin has decreased to 10.54% while loss for the period was approximately RMB6,528,000, compared with a profit of approximate RMB5,001,000 in the corresponding period ended 30 June 2012.

Loss recorded for the six months ended 30 June 2013 was mainly due to the following reasons:

(i) The turnover for the six months ended 30 June 2013 decreased by RMB4,584,000 as compared to the same period last year.

(ii) Additional consultation fees for business development and the possible transaction between the Company and an independent third party.

(iii) Continuous rise in costs and expenses as a result of increasingly rampant inflation in the PRC.

Details are set out in the paragraph under "Business Review" below.

The basic and diluted loss per share was RMB2.58 cents (2012: basic and diluted earnings per share of RMB1.98 cents).

BUSINESS SUMMARY AND PROSPECTS

In the first half of 2013 the performance of China's A-share market continued to be disappointing, with a lower success rate in individual investment and a weaker demand for investment consultation. However, this also provided Qianlong with further opportunity to stabilize and expand market share as the Company excels in providing advanced products, technologies and data services.

In the enterprise users' market, a new generation of financial platform projects extended its development. The Group has added new video training system along with the product display module and card sales module; optimized the information management system and marketing management system. These advances have not only helped brokerage firms to greatly improve their ability to serve clients but also provided them with more marketing tools.

Meanwhile, the mobile platform project continues to progress steadily, successively completing the new or upgraded on-line development of Orient Hong Kong, CCB International, Minsheng Securities, Vanho Securities, Daton Securities. For brokerage firms and their clients, since all Qianlong mobile platforms can access the securities services developed by Qianlong, it has greatly improved the quality and efficiency of the brokerage services and also met the needs of the individual investors.

The customer ordering system, a basic need of brokerages, is also one of Qianlong's strongest products. So far this year, the Group has completed the Hong Kong Stock Market online trading project for several brokerages such as CCB International, Guoco Hong Kong and Cinda International. The Group has also concluded the upgrade of the online stock trading systems for brokerages such as Pacific Securities and Chenghao Securities in Shanghai and Shenzhen. With rich functionality as well as stable and reliable performance, Qianlong trade order system has won the trust of the brokerages and has become the market leader.

With respect to individual investor's product market, the Group has seized the opportunity to develop new products aimed at the end-users' new needs. Among them, Golden Eye (Pilot Edition) and Golden Eye (Flash Edition), with their precise positioning and distinct product characteristics, are popular with individual investors. During the promotional period there were more than 50,000 trial users, indicating high market potential for Qianlong individual investors' products. In addition, Qianlong's premier product, Golden Eye (Panoramic edition), has completed the upgrade to its second phase. With its function and performance reaching a higher level, Qianlong Golden Eye (Panoramic edition) further establishes its benchmark image in terms of the "comprehensive data analysis technology of securities software" and maintains its leading position in the industry.

Qianlong has also made a significant investment in developing a brand new precision marketing platform at the same time that the product analysis function is further enhanced. The Group has introduced new concept and technology of data mining to the system including product development, launch, management, promotion, sales and services so as to help various departments such as product development, marketing, sales, to make more accurate decisions. Since the new precision marketing platform came online, the marketing efficiency has significantly improved.

Additionally, to further meet the needs of the individual investors in terms of stock trading, the development of new software is underway. New and exciting products will be ready to be launched in the second half of the year.

BUSINESS REVIEW

The first half of 2013 witnessed a sluggish global economy as well as a slowing growth of China's economy. In the securities market, China's A-share prices rose earlier in the year but it started to decline since February, falling below last year's lows. Concurrently, the IPO suspension, a liquidity shortage and other factors led to a slowdown in the securities market. Because of the close correlation between the financial services sector and the condition of the securities market, along with the enthusiasm of stock investors suffering from the market downturn, demand for financial information services suffered. Consequently, the number of the Company clients declined in the first half of this year while software sales also decreased.

Brokerage firms, the Company's main clients, continued to reduce their operating costs this year by shutting down a number of business departments and cutting back on the purchase of securities software. According to the"Development Report of China's Securities Industry (2013)"released by China Securities Industry Association, at the end of 2012 the number of registered securities companies was 240,900, a reduction by 20, 900 year-on-year, representing a decrease of 7.98%. Additionally, the decrease in number of employees in the first half of the year continued to adversely affecting the financial information service industry. Meanwhile, securities companies carried on its restructuring. China Securities Regulatory Commission (CSRC) has approved the opening of a large number of C type business departments while traditional brokerages have been moving towards integrated services such as wealth management. This presents an opportunity for the future development of the financial information service industry. However, the current market is still at its early stages of development and in order to generate positive results, the overall financial market environment has to improve.

From the perspective of financial information services industry, research and development and competition have intensified due to the effect of the changes and developments in the financial sector and the financial services industry. Our competitors have increased capital investment and launched new products affecting the Company's market competitiveness. To answer such challenges, the Company has further expanded research and development of new products in the first half of this year. However, as some new products are still in a trial stage, with corresponding costs, it will take some time to become profitable.

Affected by the above market factors, the Company's turnover and profit for the first half of this year showed a decline in comparison with last year's.

For the six months ended 30 June 2013, the Group reported a turnover of RMB47,021,000, representing a decline of 8.88% as compared with the same period last year. The Group's sales revenue mainly include RMB17,409,000 from sale of basic securities analysis products (Online Edition and LINUX platform version), representing a decrease of 0.98% as compared with RMB17,582,000 for the same period of last year; RMB12,639,000 from brokerage value-added services, representing a decrease of 17.34% as compared with RMB15,288,000 for the same period last year; RMB7,775,000 from products sold to individual A-share investors, representing a decrease of 16.24% as compared with RMB9,282,000 for the same period last year; RMB6,585,000 from sales of products relating to Hong Kong stock market, representing a decrease of 13.78% as compared with RMB7,637,000 for the same period last year.

For the six months ended 30 June 2013, the Group reported a loss of RMB6,528,000, representing a decrease of 230.53% as compared with the profit of RMB5,001,000 for the same period of last year. The decrease of profit was mainly due to the following reasons:

1. The turnover decreased by RMB4,584,000.

2. Consultation fees for business development and the possible transaction between the Company and an independent third party.

3. The inflation in the PRC led to the continued growth in costs.

ADMINISTRATIVE COST

For the six months ended 30 June 2013, the administrative cost has increased from RMB21,522,000 in 2012 to RMB28,693,000 in 2013, representing an increase of 33.32%. The increase is mainly attributable to the consultation fees for business development and the possible transaction between the Company and an independent third party.

WORKING CAPITAL AND FINANCIAL RESOURCES

As at 30 June 2013, the Group's cash and cash equivalents amounted to RMB132,301,000 (31 December 2012: RMB130,061,000). The Board believes that the Group's financial position is still stable. The Group's working capital mainly comes from the cash generated by its business activities.

EMPLOYMENT AND REMUNERATION POLICIES

The total number of staff of the Group as at 30 June 2013 was 401 (2012: 429). 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 retirement benefit, provident fund and medical insurance scheme. For the six months ended 30 June 2013, the total cost for staff (including salary, bonus and other welfare) is approximately RMB21,875,000 (2012: RMB22,796,000), representing a decrease of 4.04% as compared to the same period of 2012.

CONTINGENT LIABILITIES

The Company may further incur consultation fees regarding the possible transaction between the Company and an independent third party. Other than that, the Group did not have any significant contingent liabilities as at 30 June 2013 and 30 June 2012.

GEARING RATIO

Since its establishment, the Group has neither made any loan arrangements with nor obtained any credit facilities from any financial institutions. 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 an insignificant amount is denominated in Hong Kong dollars. The Group considered the exchange rate fluctuation exposure is small and no financial instruments have been used for hedging purposes.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company is committed to maintaining and achieving the highest standards of corporate governance practices with an emphasis on a quality board, healthy internal supervision and better transparency and responsibility to all shareholders. The "Code on Corporate Governance Practices" (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") has been revised and renamed as the "Corporate Governance Code and Corporate Governance Report" with effect from 1 April 2012. The Company has properly applied the principles of the CG Code and met all the code provisions set out therein during the six months ended 30 June 2013.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as a code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2013.

AUDIT COMMITTEE

The interim results of the Group for the six months ended 30 June 2013 are unaudited and have not been reviewed by the auditor of the Company. The audit committee of the Company, which comprised all the independent non-executive Directors, has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements for the six months ended 30 June 2013.

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

15 August 2013, Shanghai, the PRC

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, Mr. Chen Ming Chuan, Mr. Yu Shi Pi and Ms. Liao Angela Min-Yin, and three independent non-executive Directors, being Ms. Chiu Kam Hing, Kathy, Mr. Hsieh Billy Shao-Ven and Mr. Tsai Jeng-Yang.

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