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: 01236)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

HIGHLIGHTS

- Turnover in the year ended 31 December 2011 increased by 3.82% to RMB116,730,000 (2010: RMB 112,436,000)
- Profit for the year ended 31 December 2011 decreased by 7.11% to RMB20,970,000 (2010: RMB 22,574,000)
- Basic and diluted earnings per share was RMB 8.30 cents (2010: RMB8.94 cents).

ANNUAL RESULTS (AUDITED)

The board of Directors (the "Board") of Qianlong Technology International Holdings Limited (the "Company") would like to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 together with the comparative audited figures for the corresponding year in 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	**2011**	**2010**
		RMB'000	*RMB'000*
Turnover	4	116,730	112,436
Cost of sales		(33,836)	(30,586)
Gross profit		82,894	81,850
Other income	6	14,822	15,281
Other gains and losses	7	96	261
Selling and distribution costs		(34,507)	(42,668)
Administrative expenses		(41,171)	(30,570)
Profit before income tax	8	22,134	24,154
Income tax	9(a)	(1,164)	(1,580)
Profit for the year		20,970	22,574
Other comprehensive income for the year			
Exchange differences on translating foreign operations		(1,159)	(1,028)
Total comprehensive income for the year		19,811	21,546
Earnings per share			
– Basic and diluted	11	RMB0.0830	RMB0.0894

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Notes	**2011** *RMB'000*	**2010** *RMB'000*
Non-current assets			
Property, plant and equipment		30,454	33,456
Investment properties		16,397	—
Prepaid lease payments		39,697	—
Deposit paid for acquisition of leasehold land and buildings		—	3,000
Total non-current assets		86,548	36,456
Current assets			
Inventories		79	76
Trade and other receivables	13	7,907	6,873
Deposits and prepayments		4,540	3,179
Investments held for trading		8,000	8,000
Cash and cash equivalents		130,891	161,883
Total current assets		151,417	180,011
Total assets		237,965	216,467
Current liabilities			
Trade and other payables	14	14,630	13,267
Deferred revenue		49,340	49,647
Tax payable		547	2,557
Total current liabilities		64,517	65,471
Net current assets		86,900	114,540
Total assets less current liabilities		173,448	150,996
Non-current liabilities			
Deferred revenue		8,256	6,528
Deferred tax liabilities	10	1,268	355
Total non-current liabilities		9,524	6,883
Total liabilities		74,041	72,354
NET ASSETS		163,924	144,113
Equity attributable to owners of the Company			
Share capital		26,128	26,128
Reserves		137,796	117,985
TOTAL EQUITY		163,924	144,113

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

		Reserves					
	Share capital	**Share premium**	**Exchange reserve**	**General reserve**	**Merger reserve**	**Retained profits**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2010	26,128	44,939	(3,683)	14,017	24,598	27,586	133,585
Profit for the year	—	—	—	—	—	22,574	22,574
Other comprehensive income	—	—	(1,028)	—	—	—	(1,028)
Total comprehensive income	—	—	(1,028)	—	—	22,574	21,546
Interim dividend paid (Note 12)	—	(11,018)	—	—	—	—	(11,018)
Appropriation	—	—	—	3,856	—	(3,856)	—
Balance at 31 December 2010 and 1 January 2011	26,128	33,921	(4,711)	17,873	24,598	46,304	144,113
Profit for the year	—	—	—	—	—	20,970	20,970
Other comprehensive income	—	—	(1,159)	—	—	—	(1,159)
Total comprehensive income	—	—	(1,159)	—	—	20,970	19,811
Appropriation	—	—	—	3,438	—	(3,438)	—
Balance at 31 December 2011	26,128	33,921	(5,870)	21,311	24,598	63,836	163,924

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's shares were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 December 1999. On 18 August 2011, the Company's shares were successfully migrated from the GEM of the Stock Exchange to the Main Board of the Stock Exchange (the "Main Board"). Further details are set out in the Company's announcement dated 19 August 2011. The last trading date of the Company's shares on the GEM was 26 August 2011.

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2011

In the current year, the Group has adopted the following new/revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants that are relevant to the Group's operations and effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

Except as explained below, the adoption of these new/revised standards and interpretations has no significant impact on the Group's financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(a) Adoption of new/revised HKFRSs – effective 1 January 2011 (continued)

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has amended its accounting policies on related parties accordingly. The Group has reassessed the identification of its related parties in accordance with the revised definition and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous years.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

(b) New/revised HKFRSs that have been issued but are not yet effective

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

Amendments to HKFRS 7	Disclosures – Transfer of Financial Assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities[5]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 27 (2011)	Separate Financial Statements[4]

[1] Effective for annual periods beginning on or after 1 July 2011

[2] Effective for annual periods beginning on or after 1 January 2012

[3] Effective for annual periods beginning on or after 1 July 2012

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

[5] Effective for annual periods beginning on or after 1 January 2014

[6] Effective for annual periods beginning on or after 1 January 2015

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (continued)

Amendments to HKFRS 7 - Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Amendments to HKAS 12 - Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendments will be applied retrospectively.

Amendments to HKAS 1 (Revised) - Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 - Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (continued)

HKFRS 10 - Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 - Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (continued)

HKFRS 13 - Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

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

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs and the disclosure requirements of Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(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.

4. 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 year is as follows:

	2011	2010
	RMB'000	*RMB'000*
Maintenance service and usage fees	63,195	52,277
Information service fees	41,945	44,135
Sale of computer software	9,049	14,577
Others	2,541	1,447
	116,730	112,436

5. 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 the 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 4.

(b) Geographical information

All operating assets and operations of the Group during the years ended 31 December 2011 and 2010 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 years ended 31 December 2011 and 2010.

6. OTHER INCOME

	2011	2010
	RMB'000	*RMB'000*
Value added tax refund *(Note (a))*	10,050	11,062
Interest income	2,741	2,132
Subsidy income *(Note (b))*	1,973	1,930
Sundries	58	157
	14,822	15,281

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 the year ended 31 December 2011 mainly represented a subsidy of RMB1.2 million (2010: RMB1.2 million) granted by Shanghai Municipal Development and Reform Commission to a PRC subsidiary to finance its development of a software product, and subsidies totalling RMB0.7 million (2010: RMB0.7 million) granted by Shanghai Finance Bureau to finance the PRC subsidiaries' 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.

7. OTHER GAINS AND LOSSES

	2011	2010
	RMB'000	*RMB'000*
Gain on disposal of investments held for trading	280	261
Write off of property, plant and equipment	(184)	—
	96	261

8. PROFIT BEFORE INCOME TAX

	2011 *RMB'000*	2010 *RMB'000*
Profit before income tax is stated after charging/ (crediting) the following:		
Cost of inventories expensed	291	375
Cost of service fees	28,498	26,564
Depreciation of property, plant and equipment	4,572	4,171
Depreciation of investment properties	513	—
Exchange gain, net	(791)	(653)
Staff costs excluding directors' remuneration:		
Salaries and allowances	37,789	33,309
Pension fund contributions	7,133	5,148
Auditor's remuneration:		
Current year	450	450
Underprovision in prior year	7	36
Research and development costs	19,962	18,752
Lease payments under operating leases in respect of land and buildings	2,175	1,796
Amortisation of prepaid lease payments	1,366	—
Impairment loss on trade receivables *(Note 13)*	10	39
Recovery of impairment loss on trade receivables previously recognised *(Note 13)*	(2)	—
Direct operating expenses arising from investment properties that did not generate rental income during the year	836	—

9. INCOME TAX

(a) The amount of income tax in the consolidated statement of comprehensive income represents:

	2011 *RMB'000*	2010 *RMB'000*
Current tax – PRC enterprise income tax		
– Provision for the year	251	1,400
– Overprovision in respect of prior year	—	(134)
	251	1,266
Deferred tax *(Note 10)*		
– Charge for the year	913	314
	1,164	1,580

9. **INCOME TAX** (continued)

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 years.

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 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 operating subsidiary of the Company set up in February 2007 in Pudong Shanghai, has obtained the Software Enterprise Certificate and is entitled to enjoy the enterprise income tax at the concessionary rate of 12.5% for 2 years from 2010 to 2011 according to the Circular Caishi (2008) No.1 issued by the Treasury and National Tax Bureau in 2010.

Shanghai Qianlong Advanced Technology Company Limited, a PRC operating subsidiary of the Company, 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 2014 according to Session 111 of the National Enterprise Income Tax Law in 2008.

(b) The income tax for the year can be reconciled to the profit before income tax as stated in the consolidated statement of comprehensive income as follows:

	2011	**2010**
	RMB'000	*RMB'000*
Profit before income tax	22,134	24,154
Income tax calculated at PRC enterprise income tax rate of 25% (2010: 25%)	5,534	6,038
Tax effect of expenses not deductible for taxation purposes	742	280
Tax effect of non-taxable items	(2,967)	(2,431)
Deferred tax assets not recognised	18	—
Utilisation of tax losses previously not recognised	—	(694)
Effect of tax concession granted to PRC subsidiaries	(3,037)	(2,578)
Effect of different tax rates of subsidiaries operating in other jurisdictions	243	122
Overprovision in respect of prior year	—	(134)
Deferred tax liabilities relating to withholding income tax on undistributed profits	631	977
Income tax for the year	1,164	1,580

10. DEFERRED TAX

Details of the deferred tax liabilities and assets recognised and movements during the current and prior years:

	Allowance for doubtful debts	Other deductible temporary difference	Withholding tax on dividend *(Note)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2010	—	—	1,291	1,291
Charge/(credit) to profit or loss for the year	(5)	(658)	977	314
Transfer to income tax payable as dividend paid out during the year	—	—	(1,250)	(1,250)
At 31 December 2010	(5)	(658)	1,018	355
Charge/(credit) to profit or loss for the year	(1)	283	631	913
At 31 December 2011	(6)	(375)	1,649	1,268

Note: Under the New Tax Law, with effect from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding income tax at the rate of 10% on various types of passive income such as dividends derived from sources in the PRC. Pursuant to the double tax arrangement between the PRC and Hong Kong effective 8 December 2006, the withholding income tax rate will be reduced to 5% if the investment by the Hong Kong investor in the invested entities in the PRC is not less than 25%. On 22 February 2008, the Ministry of Finance and the State Administration of Taxation approved Caishui (2008) No 1, pursuant to which dividend distribution out of pre-2008 retained earnings of foreign investment enterprises will be exempted from withholding income tax. Deferred tax liabilities relating to withholding income tax of RMB631,000 (2010: RMB977,000) has been recognised for the year in respect of the undistributed profits of a subsidiary in the PRC for the year ended 31 December 2011.

For the purpose of presentation in statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2011	2010
	RMB'000	*RMB'000*
Deferred tax assets	(381)	(663)
Deferred tax liabilities	1,649	1,018
	1,268	355

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of RMB20,970,000 (2010: RMB22,574,000) and the weighted average number of 252,600,000 ordinary shares (2010: 252,600,000) in issue during the year.

Diluted earnings per share for the years ended 31 December 2011 and 2010 are the same as the basic earnings per share as there were no dilutive potential ordinary shares in issue for both years.

12. DIVIDENDS

	2011	**2010**
	RMB'000	*RMB'000*
Interim dividend paid – HK$0.05 (equivalent to approximately RMB0.044) per share	—	11,018

At a meeting held on 13 May 2010, the directors recommended to paid an interim dividend of HK$0.05 (equivalent to approximately RMB0.044) per share, totalling HK$12,630,000 (equivalent to approximately RMB11,018,000) to shareholders whose names appeared on the Register of Members of the Company at the close of business on 7 June 2010.

No final dividend has been paid or proposed at the end of reporting period (2010: RMBNil).

13. TRADE AND OTHER RECEIVABLES

	2011	**2010**
	RMB'000	*RMB'000*
Trade receivables	4,955	4,199
Less: Impairment loss recognised	(47)	(194)
Trade receivables – net	4,908	4,005
Other receivables	2,999	2,868
	7,907	6,873

(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.

13. TRADE AND OTHER RECEIVABLES (continued)

(b) The below table reconciled the impairment loss on trade receivables for the year:

	2011 *RMB'000*	2010 *RMB'000*
At beginning of year	194	155
Impairment loss recognised (Note 8)	10	39
Recovery of impairment loss previously recognised (Note 8)	(2)	—
Bad debt written off	(155)	—
At end of year	47	194

At 31 December 2011, the Group's trade receivables of RMB47,000 (2010: RMB194,000) 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:

	2011 *RMB'000*	2010 *RMB'000*
Within 1 month	3,448	2,875
1 to 3 months	401	1,020
More than 3 months but less than 12 months	1,055	99
More than 12 months	4	11
	4,908	4,005

13. TRADE AND OTHER RECEIVABLES (continued)

(d) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2011	2010
	RMB'000	*RMB'000*
Neither past due nor impaired	2,816	1,259
Less than 1 month past due	753	1,687
1 to 3 months past due	424	1,020
More than 3 months but less than 12 months past due	915	39
	4,908	4,005

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

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

14. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables	1,910	2,437
Receipts in advance	1,128	463
Other payables	3,230	3,042
Accruals	8,362	7,325
	14,630	13,267

14. TRADE AND OTHER PAYABLES (continued)

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

	2011	**2010**
	RMB'000	*RMB'000*
Within 1 month	1,199	1,531
1 to 3 months	699	718
More than 3 months but less than 12 months	4	180
More than 12 months	8	8
	1,910	2,437

(b) The carrying amount of trade payables is denominated in the following currencies:

	2011	**2010**
	RMB'000	*RMB'000*
Renminbi	865	909
Hong Kong dollars	1,045	1,528
	1,910	2,437

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

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

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the annual results of the Company and its subsidiaries for the year ended 31 December 2011 to our shareholders and investors.

FINANCIAL REVIEW

For the year ended 31 December 2011, the Group reported a turnover of RMB116,730,000, representing an increase of 3.82% as compared with RMB112,436,000 for the same period of the previous year. This increase is mainly due to increase in maintenance service and software usage fees for the year.

For the year ended 31 December 2011, the Group has recorded revenue of RMB63,195,000 from maintenance service and usage fees representing an increase of 20.88% from the same period of last year (2010: RMB52,277,000). Income from information service fee was RMB41,945,000 representing a decrease of 4.96% from the same period of last year (2010: RMB44,135,000). The income from sale of computer software was RMB9,049,000 representing a decrease of 37.92% from the same period of last year (2010: RMB14,577,000). The other income was RMB2,541,000 (2010: RMB1,447,000).

The Group recorded a net profit for the year of RMB 20,970,000 for the year ended 31 December 2011, representing a decrease of 7.11% as compared with RMB22,574,000 for the same period of the previous year.

The basic and diluted earnings per share was RMB 8.30 cents (2010: RMB 8.94 cents).

BUSINESS SUMMARY AND PROSPECTS

The year 2011 was a tremendous challenge to the securities industry in China. The stock market index was on a downward spiral, transaction volume shrank , securities firms' profits dropped substantially, investors suffered losses and as a result the investor's demand for the securities softwares reduced significantly. In response to this crisis, the Group increased investment in research and development, explored and found new market needs. While in this downturn market, the Group was able to maintain a healthy position through innovation.

In the enterprise market, after extensive research and analysis, the Group extracted an important business focus, that is "enhancement of quality of consulting services by securities firms in order to win high-value customers". Based on this key business concept, the Group developed a consulting service platform for investment advisors of securities firms to aid them in providing advisory services to existing clients and potential customers. This new platform provides more useful and functional services such as technical analysis, market trend and focus, investment strategy and guidance. The platform was enthusiastically welcomed by securities houses and achieved a good reputation in the industry quickly. With continuous promotion and improvement of the platform capabilities, it will bring new business income to the Group by building a strong brand and by developing a loyal user group.

In addition to developing new products and businesses, the Group continues to invest in the development and improvement of the existing and well-established products. Among them, the integration and customisation of market transaction consignment system of the Shanghai and Shenzhen market for securities houses such as Shenyin Wanguo, Guotai Jun'an, Huatai, Zhongxin, Guoxin, Orient, CMB International, Nanjing, Hongyuan, Aijian; as well as customisation of the Hong Kong Stock market analysis and consignment transaction product for Hong Kong securities houses such as Haitong International, BOCOM International, Guangfa Hong Kong, Shenyin Wanguo Hong Kong, ICBC Asia, Guoyuan Hong Kong, Huatai Hong Kong, First Shanghai, Guotai Jun'an Hong Kong. All these products further strengthened the Group's leading position in the Hong Kong Stock market softwares.

With respect to the individual investors market, the Group is vigorously drawing new users and at the same time the customer service system is further enhanced. The Group has also standardised the service team, work flow, service content, etc. in order to bring better quality to the Qianlong product experience, greatly improving users' loyalty and increasing order renewal rate. These reasons help the Group maintain its healthy position during the stock market downturn.

In addition to the construction of the customer service system, the Group also developed an online roadshow platform to provide a more effective tool to educate and provide services to individual investors. After the launch of the online roadshow platform, it was clear that Qianlong platform was more popular and more reliable among users because it provided more practical and useful information. As a result the roadshow platform has become the industry leader.

Regarding product development, Qianlong continues to exert strong innovative forces. In the beginning of the year, the newly launched Qianlong Xi Wei Mi Ma pioneered the application of data mining technology for the field of securities analysis and achieved satisfying market results. Based on users' feedback, the Group launched a second stage of function development and thereby improving the data mining result and making it easier for the customers to strategise their investment decisions.

Palm Qianlong, aiming at mobile phone users, has developed a complete series covering all the operating systems for the mobile phones and laptops, and is becoming an important application in the mobile securities market. Different from the normal mobile securities functions which mainly disclose the basic stock-related information, Palm Qianlong has replicated the same function in PC to the mobile phone and provides better and more strategic analysis and professional information to end-users. Palm has already become an essential tool for many stock traders. For example, Palm Qianlong can now support real-time market quotes and analysis for Hong Kong stocks. Those Hong Kong stock investors concerned about their investment portfolio but have busy schedules or frequent business trips can execute transactions with Palm and not constrained by time or location.

A new generation of stock picking and investment strategy analysis tool has also been in the development process with a projected release in the year of 2012. With this new product, Qianlong shall take another step in its lead in the securities analysis software industry.

PROSPECTS

I would like to express my heartfelt gratitude to the staff of the Group for their tremendous efforts as well as to all business partners and shareholders for their kind support to the Group. I would like to express my appreciation to all members of the Board for their contributions.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

While the economy in China maintained its rapid growth at the end of 2011, inflation also flared. The securities market is weak and appears uncertain. The downturn market sentiment affected the investors' demand for financial information services.

In facing an adverse market environment, the Group's management team was persistent in maintaining its secure foothold in the China's financial market. Through product and technology innovations, the Group improved the service capabilities, strengthened the brand recognition and marketing, expanded the marketing network, and enhanced the research and development and risk management in order to achieve a certain level of revenue growth.

With various new stock market trading activities and in addition to the main financial products such as stocks, debts, funds and futures, transactions such as margin trading and stock index futures have been launched, pushing the securities market to develop further in depth. The Group actively responded to market needs and timely launched data and information services for stock index futures, commodity futures by building on the base of the original Qianlong platform. With additional information disclosure on stock index futures, commodities futures, selected futures information and consignment transaction system, the Qianlong platform is the financial futures analysis and trading system of the new generation.

For the year ended 31 December 2011, the turnover increased steadily while costs grew significantly due to inflation as well as in the areas of research and development and staff compensation. As a result the profit attributable to shareholders decreased. The decline of the transaction volume of securities market also affected the Company's results.

For the year ended 31 December 2011, the Group has recorded RMB27,401,000 on the traditional securities market in China, representing 23.47% of the total turnover; RMB29,229,000 on the futures and Level 2 market, representing 25.04% of the total turnover and RMB18,282,000 on Hong Kong Stock market, representing 15.66% of the total turnover.

MAJOR INVESTMENTS

In April 2011, the Company's wholly-owned subsidiary, Shanghai Qianlong Advanced Technology Company Limited, acquired properties in Shanghai with details published in the Company's announcement dated 26 April 2011 on the Company's website.

After considering the leasing term and decoration cost of the original leased offices by two Company's wholly-owned subsidiaries, Shanghai Qianlong Network Technology Company Limited and Shanghai Xin Long Information Technology Company Limited, the Board decided to lease this properties at the current market value with due regard to cost effectiveness and profit maximisation of the Company's resources. It is estimated to get a considerable leasing income under current prospective economy.

As at 31 December 2011, the Company's wholly-owned subsidiary, Shanghai Qianlong Advanced Technology Company Limited, held unlisted investment fund of RMB8,000,000 with the term of 89 days and matured on 27 February 2012.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2011, the administrative expenses increased from RMB30,570,000 in 2010 to RMB41,171,000 in 2011, representing an increase of 34.68%. The increase is mainly due to increase in staff costs and other administrative expenses as a result of the business expansion of two subsidiaries, Shanghai Qianlong Advanced Technology Company Limited and Shanghai Qianlong Network Technology Company Limited and professional fees paid in connection with Main Board Migration.

WORKING CAPITAL AND FINANCIAL RESOURCES

For the year ended 31 December 2011, the Group’s working capital and financial resources improved as compared to that in the previous year. As at 31 December 2011, the Group’s cash and cash equivalents was RMB130,891,000 (2010: RMB161,883,000). Therefore, the Group’s financial status is still stable.

DEPLOYMENT OF HUMAN RESOURSES

The total number of staff of the Group as at 31 December 2011 was 412 (2010: 369). 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. In 2011, the total cost for staff (including salary, bonus and other welfare) is approximately RMB44,922,000 (2010: RMB38,456,000).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2011 and 31 December 2010.

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

The income and expenditure of the Group are predominately denominated in RMB and only an insignificant amount 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 LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board considers that good corporate governance of the Company is central to safeguarding the interests of the shareholders and enhancing the performance of the Company. The Board is committed to maintaining and ensuring high standards of corporate governance. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

The Company has complied with all the code provisions on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the year of 2011.

CODE OF CONDUCT ON DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. Specific enquiry has been made of all the directors of the Company who have confirmed in writing their compliance with the required standards set out in the Model Code during the year under review.

BOARD OF DIRECTORS AND BOARD MEETING

The Board, which comprises ten Directors, is responsible for corporate strategy, annual and interim results, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual and interim accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Details of backgrounds and qualifications of the chairman of the Group and the other Directors are set out in the Annual Report. All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience to hold the position so as to carry out his duties effectively and efficiently.

To improve the transparency and independence of the corporate governance, Mr. Liao Chao Ping and Mr. Yang Ching Shou have been appointed as the chairman and chief executive officer of the Company respectively.

The Company also appointed three independent non-executive Directors to comply with Rule 3.10 of the Listing Rules. Among them, at least one has appropriate and sufficient qualification or professional in accounting or related financial management.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules for the year ended 31 December 2011 and the Company considers the independent non-executive Directors are independent.

The Board held a board meeting for each quarter in every year. Apart from the regular board meetings of the year, the Board will meet on other occasions when a board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision and minutes of committee meetings in advance of each board meeting.

Details of the attendance of the Board are as follows:

Executive Directors		**Attendance**
Mr. Liao Chao Ping	*(Chairman)*	4/4
Mr. Fan Ping Yi		4/4
Mr. Yang Ching Shou	*(Chief Executive Officer)*	4/4
Mr. Chen Shen Tien		4/4
Mr. Chen Ming Chuan		4/4
Mr. Yu Shih Pi		3/4
Ms. Liao Angela Min Yin		4/4
Non-executive Directors		
Ms. Chiu Kam Hing, Kathy		4/4
Mr. Chang Long Teng		3/4
Mr. Hsieh Billy Shao Ven		4/4

During the regular board meetings, the directors discuss and formulate the whole strategy of the Group, monitor the financial performance and discuss annual, interim and quarterly achievements and discuss and make important decisions.

For every board meeting, there are detailed meeting records to record related agenda including all the decisions made by the board and all the matters raised by directors and objections (if appropriate). After the conclusion of board meeting, the meeting agenda will be sent to all the directors immediately when it is feasible. Every director has the right to check all the meeting agenda within any reasonable period.

Under the code provision A4.2 of the Corporate Governance, every Director should be subject to retirement by rotation at least once every three years.

CHAIRMAN OF THE GROUP

The roles of the Chairman and Chief Executive Officer are separated and the positions are held by separate individuals to avoid the rights centralisation. The chairman of the Group takes responsibility to lead and arrange operation of Board efficiently to make sure the Board can discuss all the important and operational business efficiently and in time. While the Chief Executive Officer's main responsibility is the operation of the Group's business and implementation of the Group's strategy to achieve the whole operation target.

The Chairman also encourages all the Directors including non-executive Directors to actively participate in the board and committee meetings.

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. Hsieh Billy Shao Ven, both being independent non-executive Directors.

The function of the remuneration committee included 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.

AUDITOR'S REMUNERATION

The audit committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the Group is required to pay an aggregate of approximately RMB450,000 to the external auditor for their audit services and approximately RMB96,000 for non-audit services.

AUDIT COMMITTEE

The Company established an audit committee in 1999 with written terms of reference in compliance with Rules 3.21 and 3.23 of the Listing Rules.

The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group. The audit committee comprises three members, Ms. Chiu Kam Hing, Kathy, Mr. Chang Long Teng and Mr. Hsieh Billy Shao Ven, all of them are independent non-executive Directors. Ms. Chiu Kam Hing, Kathy is the chairman of the audit committee.

The audit committee held 4 meetings during the year under review. Details of the attendance of the audit committee meetings are as follows:

Members	Attendance
Ms. Chiu Kam Hing, Kathy	4/4
Mr. Chang Long Teng	3/4
Mr. Hsieh Billy Shao Ven	4/4

The Group's unaudited quarterly and interim results and annual audited results during the year ended 31 December 2011 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

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 in 2011.

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 by the Board.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group.

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 meetings periodically to discuss financial, operational and risk management control.

INVESTOR RELATIONS

The Company has disclosed all necessary information to the shareholders in compliance with Listing Rules. The Directors host the annual general meeting each year to meet the shareholders and answer their enquiries.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the announcement of the Group's consolidated statements of comprehensive income, financial position and changes in equity and the related notes thereto for the year ended 31 December 2011 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of The Stock Exchange at www.hkexnews.hk and on the Company's website at www.qianlong.com.hk. The annual report for the financial year will be dispatched to the shareholders and available on the same website in due course.

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

23 March 2012, Shanghai, the PRC

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. Hsieh Billy Shao-Ven.

* *For identification purpose only*