



Neolink Cyber Technology (Holding) Limited
(Incorporated in the Cayman Islands with limited liability)

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This report, for which the directors of Neolink Cyber Technology (Holding) Limited (the “Company”) 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 (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, 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 found on bases and assumptions that are fair and reasonable.

FIRST QUARTERLY RESULTS

The board of directors (the "Board") of the Company is pleased to announce the unaudited results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March 2003 together with the unaudited comparative figures for the corresponding period in 2002, as follows:

		(Unaudited)	
		For the three months ended	
		31 March	
		2003	2002
	Notes	HK\$'000	HK\$'000
Turnover	2	8,886	2,702
Cost of sales and services		<u>(4,089)</u>	<u>(1,826)</u>
Gross profit		4,797	876
Other revenues	2	136	117
Distribution costs		(409)	(385)
Administrative expenses		<u>(2,883)</u>	<u>(3,609)</u>
Profit/(loss) from operations		1,641	(3,001)
Finance costs		<u>(35)</u>	<u>(57)</u>
Profit/(loss) before taxation		1,606	(3,058)
Taxation	3	<u>(2)</u>	<u>0</u>
Profit/(loss) after taxation		1,604	(3,058)
Minority interests		<u>(624)</u>	<u>137</u>
Profit/(loss) attributable to shareholders		<u>980</u>	<u>(2,921)</u>
		HK cents	HK cents
Profit/(loss) per share – Basic	4	<u>0.17</u>	<u>(0.50)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the three months ended 31 March 2003*

	Share capital	Share premium	Merger reserve	Unaudited			Exchange reserve	Accumulated losses	Total
				Re-valuation reserve	General reserve	Enterprise expansion fund			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Three months ended 31 March 2002									
At 1 January 2002	57,880	39,529	(46,815)	400	2,247	50	(81)	(17,234)	35,976
Exchange differences	-	-	-	-	-	-	26	-	26
Loss attributable to shareholders	-	-	-	-	-	-	-	(2,921)	(2,921)
At 31 March 2002	<u>57,880</u>	<u>39,529</u>	<u>(46,815)</u>	<u>400</u>	<u>2,247</u>	<u>50</u>	<u>(55)</u>	<u>(20,155)</u>	<u>33,081</u>
Three months ended 31 March 2003									
At 1 January 2003	56,400	26,993	(46,815)	307	3,881	50	(66)	(21,302)	19,448
Exchange differences	-	-	-	-	-	-	32	-	32
Profit attributable to shareholders	-	-	-	-	-	-	-	980	980
At 31 March 2003	<u>56,400</u>	<u>26,993</u>	<u>(46,815)</u>	<u>307</u>	<u>3,881</u>	<u>50</u>	<u>(34)</u>	<u>(20,322)</u>	<u>20,460</u>

1. Basis of preparation

The unaudited consolidated accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. They have been prepared under the historical cost convention.

These condensed quarterly accounts should be read in conjunction with the 2002 annual accounts. The accounting policies and methods of computation used in the preparation of these condensed quarterly accounts are consistent with those used in the annual accounts for the year ended 31 December 2002.

2. Turnover and revenues

The Group is principally engaged in radio trunking systems integration and provision of telemedia-related technical services. Revenues recognized are as follows:

	(Unaudited)	
	For the three months ended 31 March	
	2003	2002
	HK\$'000	HK\$'000
Turnover		
Technical service income		
Telemedia-related services	904	980
Radio trunking systems integration	–	88
Sales of goods		
Radio trunking systems integration	7,982	1,634
	8,886	2,702
Other revenues		
Interest income	5	64
Others	131	53
	136	117
Total revenues	9,022	2,819

3. Taxation

The amount of taxation charged to the consolidated income statement represents:

		(Unaudited)	
		For the three months ended 31 March	
		2003	2002
	Notes	HK\$'000	HK\$'000
Hong Kong profits tax	(i)	0	0
Overseas taxation	(ii)	2	0
		2	0

3. Taxation (Continued)

- Notes:
- (i) No provision for Hong Kong profits tax has been made as the Group has no assessable profits for the relevant periods.
 - (ii) Overseas taxation represents tax charges on the assessable profits of certain subsidiaries operating in the PRC calculated at the applicable rates.
 - (iii) No recognition of the potential deferred tax assets relating to tax losses has been made as the recoverability of this potential deferred tax assets is uncertain.

4. Earnings/(loss) per share

The calculation of the basic earnings per share for the three months ended 31 March 2003 is based on the unaudited consolidated profit of approximately HK\$980,000 attributable to shareholders of the Group (2002: loss of approximately HK\$2,921,000) and on the weighted average number of 564,000,000 (2002: 578,800,000 shares) shares in issue during the period.

There is no dilution arising from the outstanding share options granted by the Company. Accordingly no diluted earnings per share for the period is presented. There were no potential dilutive shares during the three months ended 31 March 2003.

5. Dividend

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2003 (2002: Nil).

FINANCIAL REVIEW

The Group has achieved a substantial growth in the operational results for the first quarter of 2003. The turnover of the Group for the three months ended 31 March 2003 was approximately HK\$8,886,000, representing an increase of 229% as compared with the same period in 2002. The increase in turnover was primarily attributable to the recognition of sales in respect of the completion of the contract for phase II system expansion under the Laos project.

Profit attributable to shareholders for the three months ended 31 March 2003 was approximately HK\$980,000, whereas the Group recorded a loss of approximately HK\$2,921,000 for the corresponding period in 2002. The turnaround was attributed to operational efficiencies from the Group's restructuring activities in the early of 2003. The Company has further strengthened the fundamental management and efforts have been made to establish an efficient and effective management model in order to improve the quality of operation. During the period, the Company has enhanced the internal control of financial and quality management of its subsidiaries. As a result, cost is being lowered while resources are fully deployed to achieve higher efficiency.

BUSINESS REVIEW AND OUTLOOK

Radio Trunking Systems Integration

The Group has signed a contract with Shanghai Qiangsheng in the amount of approximately HK\$7 million to provide the upgrading of the radio regulating systems, which were developed by the Group and are expected to be delivered during the year 2003. The Group has continued to receive a flow of recurring modification and enhancement contracts from Shanghai Qiangsheng who is one the largest vehicle hiring companies in Shanghai and relies on the Group's systems of research and development to run the systems smoothly.

The Group has set up one of the Beijing's largest taxi radio regulating network during the first quarter of 2003. The Group has secured numerous orders for an aggregate amount of approximately HK\$3 million to supply 700 sets of terminal expansion in relation to part of Beijing's taxi wireless radio regulating management systems. As at the date of this report, more than 85% of the orders has been completed and delivered to the customers.

During the current period, the Group has won two contracts of an aggregate amount of approximately HK\$2 million to supply radio regulating systems to Xi'an Rescuing Centre "120" and Nanjing Meishan Steel Corporation. The systems are expected to deliver during the year 2003.

Upon completion of the contract for phase II system expansion under the Laos project, a project undertaken by the Group through Shanghai Bettrue, in the first quarter of 2003, the Company continues to maintain a closer relationship with Shanghai Bettrue who has a commanding sales and distribution network in overseas markets.

In April 2003, Hangzhou Neolink Communication Equipment Co. Ltd. passed the on-the-spot examination of the WIT Assessment for the quality management system and obtained the ISO9001:2000 Quality Management System Certificate. The scope of certification includes design, production, integration and service of trunking. This accreditation will help the Group in standardising and regulating its management and reflects the fact that the quality management system of the Group has reached the level attained by advanced enterprises.

The Group has continued to deploy a team of staff in the development of innovative digital encryption technologies for the mini-laptop terminals, which is compatible with the Group's radio trunking systems integration, to be supplied to a key PRC government department. The Group expects a substantial progress for the completion of this product can be achieved in the near future.

BUSINESS REVIEW AND OUTLOOK *(Continued)*

Provision of Telemedia-related Technical Services

The Group is dedicated to provide high quality of technical support for Haoyuan Yingte who has launched "Wireless i-Journey" in Shanghai and Xi'an in the first quarter of 2003. Leveraging Haoyuan Yingte's "Wireless i-Journey" tri-network platform (based on interconnection with wireline telephone, cellular communication and Internet), Haoyuan Yingte offers a variety of value-added services, including Short Message Services ("SMS") downloading, SMS subscription, SMS game, interlink with wireline telephone, mobile chat, SMS song subscription, personal voice mailbox, feeling QQ, and SMS conference etc.

The Group is now developing another SMS system which can access to the platform provided by China Mobile "1112" nationwide direct dial.

Through the provision of timely, diversified and personalized message services, mobile terminals have been transformed from a single-purpose communications tool into a multi-purpose information terminal. This is not only increased the Group's business revenue but also effectively enhanced its corporate image and consolidated the Group's position as the market leader in the provision of telemedia-related technical services business.

DIRECTORS' SHAREHOLDING INTERESTS IN THE COMPANY

As at 31 March 2003, the interests of the directors of the Company in the shares of the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name	Type of interests	Number of issued shares held
Mr. Cai Zuping <i>(Note)</i>	Corporate	403,280,296

Note: Mr. Cai Zuping holds his deemed interests in the Company through his shareholding of 45.93% in Infonet Group Co., Ltd. ("Infonet") which holds 71.50% of the total issued share capital of the Company. Mr. Zhang Zheng, executive director of the Company, also has interests in the Company through his shareholding of 5.86% in Infonet.

DIRECTORS' SHAREHOLDING INTERESTS IN THE COMPANY *(Continued)*

On 5 January 2001, share options of the Company were granted to an executive director and certain employees of the Group pursuant to the share option scheme approved by a written resolution of the then sole shareholder of the Company on 13 July 2000 (the "Scheme") as follows:

Name	Position	Number of share options	Exercisable period	Exercise price per share option
Mr. Zhang Zheng <i>(Note)</i>	Executive director	10,000,000	5 January 2004 to 4 January 2008	HK\$0.72
Mr. Lu Chunming <i>(Note)</i>	Senior management staff	10,000,000	5 January 2004 to 4 January 2008	HK\$0.72
Mr. Chen Huanming <i>(Note)</i>	Senior management staff	10,000,000	5 January 2004 to 4 January 2008	HK\$0.72

Note: Pursuant to the ordinary resolution passed at the Extraordinary General Meeting held on 17 April 2003, option to subscribe for an aggregate of 30,000,000 shares of the Company granted to Mr. Zhang Zheng, Mr. Lu Chunming and Mr. Chen Huanming on 5 January 2001 were cancelled.

As at 31 March 2003, there were 30,000,000 share options remained outstanding.

Save as disclosed above, no share options under the Scheme had been granted, exercised, cancelled, or lapsed during the three months ended 31 March 2003.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except the share options disclosed above, at no time during the three months ended 31 March 2003 was the Company, its holding company, fellow subsidiaries or subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors, or their spouses or children under the age of 18, had any right to subscribe for the shares of the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As at 31 March 2003, the following party was interested in 10% or more of the issued share capital of the Company as recorded in the register of interests required to be kept by the Company pursuant to section 16(1) of the SDI Ordinance.

Name	Number of issued shares	Percentage of total issued shares
Infonet Group Co., Ltd. <i>(Note)</i>	403,280,296	71.50

Note: Infonet is a company incorporated in the British Virgin Islands "BVI", 56.11% of the issued capital of which was beneficially owned by the executive directors and senior management staff of the Company and its subsidiaries, as at 31 March 2003, as follows:

Executive directors

- 45.93% by Mr. Cai Zuping; and
- 5.86% by Mr. Zhang Zheng.

Senior management staff

- 2.25% by Mr. Lu Chunming;
- 1.90% by Mr. Chen Huanming; and
- 0.17% by Mr. Mi Lei.

The balance of 26.00%, 13.04%, 2.60%, 2.08% and 0.17% are owned respectively by:

- Qing Jiang (Hong Kong) Holdings Limited, a company incorporated in Hong Kong which is beneficially owned by Hubei Qing Jiang Hydro-electric Development Company Limited;
- Mr. He Yuefeng;
- Smooth Gain Profits Limited, a company incorporated in the BVI which is owned by Mr. Wan Qiu Sheng and his wife each holds a 50% shareholding;
- Treasury shares; and
- Mr. Pun Kam Wai, Peter.

SUBSTANTIAL SHAREHOLDERS OF THE COMPANY *(Continued)*

Mr. Wang Dingguo and Mr. Liu Taikang representing Qing Jiang (Hong Kong) Holdings Limited are executive directors of the Company.

Mr. He Yuefeng, Mr. Pun Kam Wai, Peter, and the shareholders of Smooth Gain Profits Limited are independent third parties not connected with the directors, chief executives or substantial shareholders of the Company, any of its subsidiaries or any of their respective associates. They are not involved in the management of the Company and its subsidiaries.

Treasury shares are Infonet's own shares that have been issued, fully paid for, and repurchased by Infonet but not cancelled.

Infonet, Mr. Cai Zuping and Qing Jiang (Hong Kong) Holdings Limited are substantial shareholders of the Company for the purpose of the GEM Listing Rules.

Save as disclosed above, no other person had registered an interest in the share capital of the Company that was required to be recorded under section 16(1) of the SDI Ordinance.

COMPETING INTERESTS

The directors of the Company are not aware of, as at 31 March 2003, any business or interest of each directors of the Company, management shareholders and the respective associates (as defined in the GEM Listing Rules) of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

SPONSOR'S INTERESTS

Pursuant to the agreement dated 9 January 2002 and entered into between the Company and South China Capital Limited, the appointment as the retained sponsor of the Company pursuant to Rule 6.01 of Rules Governing the Listing of Securities on the GEM of the Stock Exchange was due to expire on 31 December 2002. The retained sponsor of the Company ceased with effect from 1 January 2003.

AUDIT COMMITTEE

In compliance with Rule 5.23 to 5.25 of the GEM Listing Rules, the Company has established an audit committee with written terms of reference which describe the authority and duties.

The primary duties of the audit committee are to review and supervise the Company's financial reporting process and internal control systems. The audit committee comprises two independent non-executive directors of the Company, namely Mr. Wong Ping Wong and Mr. Pan Boxin. The Group's unaudited results for the three months ended 31 March 2003 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with applicable accounting standards and requirements and that adequate disclosures have been made.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the board practices and procedures as set out in rules 5.28 to 5.39 of the GEM Listing Rules during the three months ended 31 March 2003.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2003.

By order of the Board
Neolink Cyber Technology (Holding) Limited
Cai Zuping
Chairman

Hong Kong, 13 May 2003