



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

## HIGHLIGHTS

- Turnover of the Group for the six months ended 30 June 2003 increased by approximately 57% of the previous corresponding period to approximately HK\$19,576,000.
- Profit attributable to shareholders for the six months ended 30 June 2003 was approximately HK\$3,639,000, representing an increase of 1,316% as compared to the corresponding period in 2002.
- Earnings per share was HK0.65 cent, representing an increase of approximately 1,525% as compared to the corresponding period of last year.

## HALF-YEAR RESULTS

The board of directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months and six months ended 30 June 2003, together with the unaudited comparative figures for the corresponding period in 2002, are as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

*For the three months and six months ended 30 June 2003*

	Notes	(Unaudited)		(Unaudited)	
		Three months ended 30 June 2003 HK\$'000	2002 HK\$'000	Six months ended 30 June 2003 HK\$'000	2002 HK\$'000
Turnover	2	10,690	9,784	19,576	12,486
Cost of sales		<u>(4,750)</u>	<u>(3,181)</u>	<u>(8,839)</u>	<u>(5,007)</u>
Gross profit		5,940	6,603	10,737	7,479
Other revenues	2	574	528	710	645
Distribution costs		<u>(201)</u>	<u>(459)</u>	<u>(610)</u>	<u>(844)</u>
Administrative expenses		<u>(3,505)</u>	<u>(3,440)</u>	<u>(6,388)</u>	<u>(7,049)</u>
Profit from operations	4	2,808	3,232	4,449	231
Finance costs		<u>(44)</u>	<u>(22)</u>	<u>(79)</u>	<u>(79)</u>
Profit before taxation		2,764	3,210	4,370	152
Taxation	5	<u>(66)</u>	<u>-</u>	<u>(68)</u>	<u>-</u>
Profit after taxation		2,698	3,210	4,302	152
Minority interests		<u>(39)</u>	<u>(32)</u>	<u>(663)</u>	<u>105</u>
Profit attributable to shareholders		<u>2,659</u>	<u>3,178</u>	<u>3,639</u>	<u>257</u>
Earnings per share	6	<u>0.47 cent</u>	0.55 cent	<u>0.65 cent</u>	0.04 cent

**CONDENSED CONSOLIDATED BALANCE SHEET***As at 30 June 2003*

		(Unaudited) As at 30 June 2003 HK\$'000	(Audited) As at 31 December 2002 HK\$'000
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	7	3,576	4,008
<b>Current assets</b>			
Inventories		6,714	4,566
Trade receivables	8	12,525	6,207
Amounts due from related companies		9,417	12,556
Prepayments, deposits and other receivables		3,546	3,896
Bank and cash balances		7,760	4,871
		<u>39,962</u>	<u>32,096</u>
<i>Less: Current liabilities</i>			
Trade payables	9	4,683	4,769
Accruals and other payables		6,362	5,911
Amount due to ultimate holding company		332	2,957
Amounts due to related companies		3,720	257
Taxation payable		68	-
Secured bank loans	10	4,673	2,804
		<u>19,838</u>	<u>16,698</u>
<b>Net current assets</b>		<u>20,124</u>	<u>15,398</u>
<b>Total assets less current liabilities</b>		23,700	19,406
<i>Less: Non-current liabilities</i>			
Minority interests		621	(42)
<b>NET ASSETS</b>		<u>23,079</u>	<u>19,448</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	11	56,400	56,400
Reserves		(33,321)	(36,952)
<b>SHAREHOLDERS' FUNDS</b>		<u>23,079</u>	<u>19,448</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT***For the six months ended 30 June 2003*

	(Unaudited)	
	Six month ended	
	30 June	
	2003	2002
	HK\$'000	HK\$'000
Net cash inflow from operating activities	1,332	1,592
Net cash outflow from investing activities	(315)	(544)
Net cash inflow/(outflow) from financing activities	1,869	(1,495)
Increase/(decrease) in cash and cash equivalents	2,886	(447)
Effect of foreign exchange rate changes	3	13
Cash and cash equivalents at beginning of period	4,871	5,991
Cash and cash equivalents at end of period	7,760	5,557
Analysis of balances of cash and cash equivalents:		
Bank and cash balances	7,760	5,557

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 June 2003*

	Unaudited								
	Share capital	Share premium	Merger reserve	Revaluation reserve	General reserve	Enterprise expansion fund	Exchange reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Six months ended 30 June 2003</b>									
At 1 January 2003	56,400	26,993	(46,815)	307	3,881	50	(66)	(21,302)	19,448
Exchange differences	-	-	-	-	-	-	(8)	-	(8)
Profit attributable to shareholders	-	-	-	-	-	-	-	3,639	3,639
At 30 June 2003	<u>56,400</u>	<u>26,993</u>	<u>(46,815)</u>	<u>307</u>	<u>3,881</u>	<u>50</u>	<u>(74)</u>	<u>(17,663)</u>	<u>23,079</u>
<b>Six months ended 30 June 2002</b>									
At 1 January 2002	57,880	39,529	(46,815)	400	2,247	50	(81)	(17,234)	35,976
Transfer from statutory reserves to retained earnings	-	-	-	-	(18)	-	-	18	-
Exchange differences	-	-	-	-	-	-	13	-	13
Profit attributable to shareholders	-	-	-	-	-	-	-	257	257
At 30 June 2002	<u>57,880</u>	<u>39,529</u>	<u>(46,815)</u>	<u>400</u>	<u>2,229</u>	<u>50</u>	<u>(68)</u>	<u>(16,959)</u>	<u>36,246</u>

## NOTES TO THE CONDENSED HALF-YEAR ACCOUNTS

### 1. Basis of preparation

The unaudited condensed half-year accounts (the "Half-year Accounts") have been prepared in accordance with the Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the disclosure requirements set out in Chapter 18 of the GEM Listing Rules. The Half-year Accounts have been prepared under the historical cost convention.

The accounting policies and methods of computation adopted in the preparation of the Half-year Accounts are consistent with those set out in the annual financial statements 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 services. Revenues recognized are as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover				
Technical service income				
Telemedia-related services	1,184	1,410	2,088	2,390
Radio trunking systems integration	-	-	-	88
Sales of goods				
Radio trunking systems integration	9,506	8,374	17,488	10,008
	<b>10,690</b>	9,784	<b>19,576</b>	12,486
Other revenues				
Interest income	36	8	41	72
Others	538	520	669	573
	<b>574</b>	528	<b>710</b>	645
Total revenues	<b>11,264</b>	10,312	<b>20,286</b>	13,131

### 3. Segment information

The Group carries out its activities mainly in the People's Republic of China (the "PRC"). For management purposes, the Group is currently organized into two divisions - radio trunking systems integration and telemedia-related services. These divisions are the bases on which the Group reports its primary segment information. No geographical segment information is presented as secondary segment information as substantially all the Group's turnover and contribution to operating results were carried out in the PRC. An analysis of the Group's segment revenue and result by principal activities for the period is as follows:

	Turnover			
	Three months ended		Six months ended	
	30 June		30 June	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue				
Telemedia-related services	1,184	1,410	2,088	2,390
Radio trunking systems integration	9,506	8,374	17,488	10,096
	<u>10,690</u>	<u>9,784</u>	<u>19,576</u>	<u>12,486</u>
Total turnover for the period	<b>10,690</b>	<b>9,784</b>	<b>19,576</b>	<b>12,486</b>

	Profit from operations			
	Three months ended		Six months ended	
	30 June		30 June	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment result				
Telemedia-related services	332	882	502	1,113
Radio trunking systems integration	3,397	3,989	5,701	2,508
	<u>3,729</u>	<u>4,871</u>	<u>6,203</u>	<u>3,621</u>
Other revenues	574	528	710	645
Unallocated corporate expenses	(1,495)	(2,167)	(2,464)	(4,035)
Profit from operations for the period	<u>2,808</u>	<u>3,232</u>	<u>4,449</u>	<u>231</u>



#### 4. Profit from operations

Profit from operations is stated after charging:

	Three months ended		Six months ended	
	30 June		30 June	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Charging				
Cost of goods sold	4,121	2,595	7,658	3,808
Depreciation on fixed assets	301	328	710	714
Loss on disposal of fixed assets	79	5	79	5
Operating lease rental in respect of:				
– land and building	347	506	711	921
– motor vehicles	–	172	–	345
Net exchange loss	5	4	11	4
Research and development costs	798	614	1,190	1,255
Staff costs, including directors' emoluments	2,176	2,276	4,296	4,655

#### 5. Taxation

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

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2003	2002	2003	2002
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax	(i)	0	0	0	0
Overseas taxation	(ii)	66	0	68	0
		<u>66</u>	<u>0</u>	<u>68</u>	<u>0</u>

- (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.

## 6. Earnings per share

The calculation of the basic earnings per share for the three months and six months ended 30 June 2003 are based on the unaudited consolidated profit of approximately HK\$2,659,000 and profit of approximately HK\$3,639,000 attributable to shareholders of the Group (2002: profit of HK\$3,178,000 and profit of HK\$257,000 respectively) and on the weighted average number of 564,000,000 shares (2002: 578,800,000 shares) in issue during the respective periods.

There is no dilution arising from the outstanding share options granted by the Company. Accordingly no diluted earning per share for the period is presented. There were no potential dilutive shares during the period ended 30 June 2003.

## 7. Fixed assets

	Six months ended 30 June 2003 HK\$'000	Year ended 31 December 2002 HK\$'000
Net book value, beginning of period/year	4,008	4,721
Additions	357	940
Disposals	(79)	(213)
Depreciation	(710)	(1,440)
	<u>3,576</u>	<u>4,008</u>
Net book value, end of period/year	<u>3,576</u>	<u>4,008</u>

## 8. Trade receivables

The Group has a policy of allowing its trade customers with credit period normally ranging from 45 days to 60 days or according to the terms of the sales contracts. The ageing analysis of trade receivables is as follows:

	0 to 30 days HK\$'000	31 to 60 days HK\$'000	61 to 90 days HK\$'000	Over 90 days HK\$'000	Total HK\$'000
As at 30 June 2003	<u>534</u>	<u>825</u>	<u>1,916</u>	<u>9,250</u>	<u>12,525</u>
As at 31 December 2002	<u>1,882</u>	<u>1,312</u>	<u>-</u>	<u>3,013</u>	<u>6,207</u>

**9. Trade payables**

The ageing analysis of trade payables is as follows:

	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 30 June 2003	<u>1,261</u>	<u>1,354</u>	<u>477</u>	<u>1,591</u>	<u>4,683</u>
As at 31 December 2002	<u>1,539</u>	<u>82</u>	<u>645</u>	<u>2,503</u>	<u>4,769</u>

All the trade payables are expected to be settled within one year.

**10. Secured bank loans**

	As at 30 June 2003	As at 31 December 2002
	HK\$'000	HK\$'000
Wholly repayable within one year	<u>4,673</u>	<u>2,804</u>

The bank loans are interest bearing at prevailing market rates, are denominated in Renminbi ("RMB"), and are secured by a legal charge on certain land and buildings under long leases outside Hong Kong of the Group with net book value of approximately HK\$477,000 (2002: HK\$622,000) and corporate guarantee by the Group.

**11. Share capital**

	Six months ended 30 June 2003		Year ended 31 December 2002	
	Number of shares	Nominal Value HK\$	Number of shares	Nominal Value HK\$
<i>Authorised:</i>				
Ordinary shares of HK\$0.10 each	<u>1,000,000,000</u>	<u>100,000,000</u>	<u>1,000,000,000</u>	<u>100,000,000</u>
<i>Issued and fully paid:</i>				
Beginning of period/year	<u>564,000,000</u>	<u>56,400,000</u>	<u>578,800,000</u>	<u>57,880,000</u>
Shares repurchased and Cancelled	<u>-</u>	<u>-</u>	<u>(14,800,000)</u>	<u>(1,480,000)</u>
End of period/year	<u>564,000,000</u>	<u>56,400,000</u>	<u>564,000,000</u>	<u>56,400,000</u>

**12. Related party transactions**

In the normal course of business, the Group entered into the following significant transactions with its related parties during the period:

	Six months ended	
	30 June	
	2003	2002
	HK\$'000	HK\$'000
Sales of equipment and provision of technical services to		
– Hainan Baotong Communication System Company Limited ("Baotong") ( <i>Note a</i> )	4,572	5,730
– Beijing Haoyuan Yingte Technology Development Co., Ltd. ("Haoyuan Yingte") ( <i>Note a</i> )	2,082	2,390
Rental payable to Edison Radio Limited ( <i>Note b</i> )	–	132

*Notes:*

- (a) Baotong and Haoyuan Yingte indirectly owned by the relatives of Mr. Cai Zuping, a director of the Company.
- (b) Mr. Cai Zuping, a director of the Company, is a former director of Edison Radio Limited.

**13. Dividend**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2003 (2002: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Outlook

#### *Change of chairman*

With effect from 17 July 2003, Mr. Wang Dingguo has been appointed as the chairman of the Company. Mr. Wang Dingguo has wealth of experience in national economic management, theories and research of investment management and enterprise management. The Board expects the business of the Company will achieve further business development under the chairmanship of Mr. Wang Dingguo and with his business relationship in the PRC.

#### *Radio Trunking Systems Integration*

A turnover from radio trunking systems integration of approximately HK\$17,488,000 was recorded for the six months ended 30 June 2003, representing a 75% increase from approximately HK\$10,008,000 in the same period last year. Turnover for the three months ended 30 June 2003 was approximately HK\$9,506,000 which represents a growth of 14% as compared to the corresponding period in 2002. The increase in turnover during the half-year period was attributed mainly to the recognition of sales in respect of the completion of the contract for phase II system expansion under the Laos project and the delivery of radio trunking systems integration to the relevant PRC government department.

The Group, one of the principle suppliers of radio trunking systems integration in PRC, has secured orders with departments of the PRC government to provide the specialized systems for the year 2003. The orders obtained from these departments recorded a phenomenal growth of more than 50% over the previous year while more than 40% of the orders have been delivered in the first half of 2003. The negotiation with these departments for the orders of year 2004 is in progress.

The Group has been dedicated to developing the innovative digital encryption technologies for the mini-laptop terminal, which is compatible with the specialized systems provided to the aforesaid government departments. Smooth progress has been made in the development.

During the second quarter of 2003, the Group completed the contract and delivered the radio regulating systems to Xi'an Rescuing Centre "120".

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### **Business Review and Outlook *(Continued)***

#### *Radio Trunking Systems Integration (Continued)*

During the first half of 2003, the Group has established the taxi radio regulating network in Beijing and Shanghai and adopted a sales and marketing model targeted end users via distributors in these two big cities. During the six months ended 30 June 2003, the revenue generated from the delivery of the taxi radio regulating systems and terminals was approximately HK\$4 million. The Group has also committed and explored to transform the taxi regulating system into city smart traffic system. Numerous staff of the Group has been deployed to develop and extend the systems into vehicle value-added service systems, vehicle positioning system, taxi security system and vehicle mileage recording system etc. These systems are expected to launch in the second half of 2003 or next year.

The Group has successfully recorded impressive results for the period ended 30 June 2003. The directors of the Company believe that the Group's current focus and strategies which quickly adapt to the changing market demands has led the Group to the right path of bringing positive cash flows and eventually to a profitable position.

#### *Provision of Telemedia-related Technical Services*

A turnover from provision of telemedia-related technical services of approximately HK\$2,088,000 was recorded for the six months ended 30 June 2003, and turnover for the three months ended 30 June 2003 was approximately HK\$1,184,000. Since setting up a paging centre in PRC for the provision of short messaging services for mobile phone users via Haoyuan Yingte in 2002, leveraging Haoyuan Yingte's existing market base, the Group has adopted strategies to customize more value-added services and create greater value in to order to attract more high-end users. The Group's management believes that the Group's future prospects of provision of telemedia-related technical services will benefit immensely from PRC's robust development.

### **Liquidity and financial resources**

The Group financed its operations through internally generated funds and banking facilities during the period. The liquidity position of the Group was maintained at a satisfactory level during the period. As at 30 June 2003, the Group has a gearing ratio of 0.20 (31 December 2002: 0.14), calculated on the basis of the Group's bank borrowings over shareholders' funds. Total bank and cash balances was HK\$7,760,000 (31 December 2002: HK\$4,871,000) exceeding bank loans of HK\$4,673,000 (31 December 2002: HK\$2,804,000). The currencies in which cash and cash equivalents held by the Group are mainly RMB and Hong Kong dollars.

Although the Group's liquidity position and gearing ratio are healthy to meet its ongoing operating and development requirements, credit facilities have nevertheless been put in place for contingency purposes. As at 30 June 2003, the Group's available credit facilities amounted to HK\$5 million was in trade line. In July 2003, the Group was granted an additional short term and revolving money market facilities amounted to approximately HK\$1.9 million.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### Capital structure

Except for the increase in the Group's bank borrowings by approximately HK\$1,869,000 to approximately HK\$4,673,000 during the period. There was no change to the Group's capital structure during the six months ended 30 June 2003.

### Significant investment

For the six months ended 30 June 2003, there was no significant investment held by the Group.

### Charge on group assets

As at 30 June 2003, certain land and buildings under long leases outside Hong Kong with net book value of approximately HK\$477,000 were pledged to bank to secure banking facilities.

### Foreign currency exposure

Since the Group's sales, purchases and loans were substantially denominated in either RMB or Hong Kong dollars, the Board considers that the potential foreign exchange exposure of the Group is limited.

### Contingent liabilities

As of 30 June 2003, the Board was not aware of any material contingent liabilities.

### Staff and remuneration policies

As at 30 June 2003, the Group employed a workforce of approximately 100, the majority of whom were employed in the PRC. Staff cost, including directors' remuneration, amounted to approximately HK\$4,296,000 for the six months ended 30 June 2003. The Group's remuneration policy has been in line with the prevailing market practice including discretionary bonus and remunerates its employees based on their performance and contribution. Other benefits include contributions to pension scheme and medical insurance.

### Future plans for material investments or capital assets

The Group did not have any details of future plan for material investments or capital assets as at 30 June 2003.

### Acquisitions and disposals of subsidiaries and affiliated companies

The Group had no acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2003.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES

As at 30 June 2003, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rule 5.40 of the GEM Listing Rules, were as follows:

### (a) Long positions in the shares of the Company

Name	Type of interest	Number of shares	Approximate percentage of issued share capital
Mr. Cai Zuping (Note 1)	Corporate	96,039,670	17.03%
Mr. Zhang Zheng (Note 2)	Corporate	23,649,082	4.19%

Notes :

1. Mr. Cai Zuping, an executive director and the vice chairman of the Company, holds his deemed interests in the Company through his shareholding of 23.82% in Infonet Group Co., Ltd. ("Infonet") which holds 71.50% of the total issued share capital of the Company.
2. Mr. Zhang Zheng, an executive director of the Company, has interest in the Company through his shareholding of 5.86% in Infonet.

### (b) Long positions in underlying shares of equity derivatives of the Company

Pursuant to the share option scheme of the Company adopted on 13 July 2000 (the "Old Scheme"), share options of the Company were granted to an executive director and certain employees of the Group on 5 January 2001.

The Old Scheme was terminated and replaced by a new share option scheme ("New Scheme") by ordinary resolution of the shareholders of the Company 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 were cancelled. No option was granted under the New Scheme during the period ended 30 June 2003.



## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES *(Continued)*

### (b) Long positions in underlying shares of equity derivatives of the Company *(Continued)*

As at 30 June 2003, details of the movements of the share options were as follows:

Name	Number of options		Outstanding as at 30/6/2003	Exercisable period	Exercise Price HK\$
	Outstanding as at 1/1/2003	Cancelled during the period			
Mr. Zhang Zheng <i>(Executive director)</i>	10,000,000	10,000,000	-	5/1/2004 to 4/1/2008	0.72
Mr. Lu Chunming <i>(Senior management)</i>	10,000,000	10,000,000	-	5/1/2004 to 4/1/2008	0.72
Mr. Chen Huanming <i>(Senior management)</i>	10,000,000	10,000,000	-	5/1/2004 to 4/1/2008	0.72

Save as disclosed above, as at 30 June 2003, none of the chief executives, the directors of the Company or their associates had any interests or short positions in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rule 5.40 of the GEM Listing Rules.

## SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As at 30 June 2003, the following persons (other than the director and the chief executive of the Company) had interests and short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Name	Type of interest	Number of shares	Approximate percentage of issued share capital
Qing Jiang (Hong Kong) Holdings Limited ( <i>Note 1</i> )	Corporate	104,852,877	18.59%
Mr. Wang Yuan ( <i>Note 2</i> )	Corporate	80,390,862	14.25%
Mr. He Yuefeng ( <i>Note 2</i> )	Corporate	52,604,366	9.32%

### Notes:

1. Qing Jiang (Hong Kong) Holdings Limited ("Qing Jiang"), a company incorporated in Hong Kong which is beneficially owned by Hubei Qing Jiang Hydro-electric Development Company Limited ("Hubei Qing Jiang"), a state-owned corporation in the PRC, has interest in the Company through its shareholding of 26% in Infonet. Mr. Wang Dingguo and Mr. Liu Taikang, the executive directors of the Company, are the shareholders of the Qing Jiang and hold the shares of Qing Jiang on trust for Hubei Qing Jiang.
2. Mr. Wang Yuan and Mr. He Yuefeng 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. Mr. Wang Yuan and Mr. He Yuefeng have interest in the Company through their shareholdings of 19.93% and 13.04% in Infonet respectively.

Save as disclosed above, as at 30 June 2003, the Company had not been notified of any other person (other than a director or chief executive of the Company) who had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

## COMPETING INTERESTS

The directors of the Company are not aware of, as at 30 June 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.

## 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 six months ended 30 June 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 six months ended 30 June 2003.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2003.

On behalf of the Board  
**Neolink Cyber Technology (Holding) Limited**  
**Wang Dingguo**  
*Chairman*

Hong Kong, 13 August 2003