



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: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover of the Group for the three months and nine months ended 30 September 2003 increased by approximately 272% and 97% of the previous corresponding periods to approximately HK\$10,651,000 and HK\$30,227,000 respectively.
- Profit attributable to shareholders for the three months and nine months ended 30 September 2003 were approximately HK\$2,762,000 and HK\$6,401,000 respectively, while loss attributable to shareholders in the corresponding periods were approximately HK\$2,258,000 and HK\$2,001,000 respectively.
- Earnings per share for the three months and nine months ended 30 September 2003 were HK0.49 cent and HK1.13 cent respectively, while loss per share in the corresponding periods were HK0.39 cent and HK0.35 cent.

THIRD QUARTERLY 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 nine months ended 30 September 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 nine months ended 30 September 2003

	Notes	(Unaudited)		(Unaudited)	
		Three months ended 30 September 2003 HK\$'000	2002 HK\$'000	Nine months ended 30 September 2003 HK\$'000	2002 HK\$'000
Turnover	2	10,651	2,860	30,227	15,346
Cost of sales and services		<u>(2,359)</u>	<u>(1,479)</u>	<u>(11,198)</u>	<u>(6,486)</u>
Gross profit		8,292	1,381	19,029	8,860
Other revenues	2	771	160	1,481	805
Distribution costs		<u>(1,139)</u>	<u>(387)</u>	<u>(1,749)</u>	<u>(1,231)</u>
Administrative expenses		<u>(4,945)</u>	<u>(3,422)</u>	<u>(11,333)</u>	<u>(10,471)</u>
Profit/(loss) from operations		2,979	(2,268)	7,428	(2,037)
Finance costs		<u>(135)</u>	<u>(22)</u>	<u>(214)</u>	<u>(101)</u>
Profit/(loss) before taxation		2,844	(2,290)	7,214	(2,138)
Taxation	3	<u>(110)</u>	<u>-</u>	<u>(178)</u>	<u>-</u>
Profit/(loss) after taxation		2,734	(2,290)	7,036	(2,138)
Minority interests		<u>28</u>	<u>32</u>	<u>(635)</u>	<u>137</u>
Profit/(loss) attributable to shareholders		<u>2,762</u>	<u>(2,258)</u>	<u>6,401</u>	<u>(2,001)</u>
Earnings/(loss) per share (HK cents)	4	<u>0.49</u>	<u>(0.39)</u>	<u>1.13</u>	<u>(0.35)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the nine months ended 30 September 2003*

	Unaudited								Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Revaluation reserve HK\$'000	General reserve HK\$'000	Enterprise expansion fund HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	
Nine months ended 30 September 2003									
At 1 January 2003	56,400	26,993	(46,815)	307	3,881	50	(66)	(21,302)	19,448
Exchange differences	-	-	-	-	-	-	2	-	2
Profit attributable to shareholders	-	-	-	-	-	-	-	6,401	6,401
At 30 September 2003	<u>56,400</u>	<u>26,993</u>	<u>(46,815)</u>	<u>307</u>	<u>3,881</u>	<u>50</u>	<u>(64)</u>	<u>(14,901)</u>	<u>25,851</u>
Nine months ended 30 September 2002									
At 1 January 2002	57,880	39,529	(46,815)	400	2,247	50	(81)	(17,234)	35,976
Transfer from general reserve to retained earnings	-	-	-	-	(18)	-	-	18	-
Exchange differences	-	-	-	-	-	-	9	-	9
Loss attributable to shareholders	-	-	-	-	-	-	-	(2,001)	(2,001)
At 30 September 2002	<u>57,880</u>	<u>39,529</u>	<u>(46,815)</u>	<u>400</u>	<u>2,229</u>	<u>50</u>	<u>(72)</u>	<u>(19,217)</u>	<u>33,984</u>

Notes:

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. The accounts have been prepared under the historical cost convention as modified by the revaluation of land and buildings.

The accounting policies and methods of computation adopted in the preparation of these unaudited consolidated 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 30 September		Nine months ended 30 September	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Turnover				
Technical service income				
Telemedia-related services	2,621	999	4,709	3,389
Radio trunking systems integration	-	-	-	88
Sales of goods				
Radio trunking systems integration	8,030	1,861	25,518	11,869
	<u>10,651</u>	<u>2,860</u>	<u>30,227</u>	<u>15,346</u>
Other revenues				
Interest income	3	2	44	74
Others	768	158	1,437	731
	<u>771</u>	<u>160</u>	<u>1,481</u>	<u>805</u>
Total revenues	<u>11,422</u>	<u>3,020</u>	<u>31,708</u>	<u>16,151</u>

3. Taxation

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

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2003	2002	2003	2002
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax	(i)	0	0	0	0
Overseas taxation	(ii)	110	0	178	0
		<u>110</u>	<u>0</u>	<u>178</u>	<u>0</u>

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 and nine months ended 30 September 2003 are based on the unaudited consolidated profit of approximately HK\$2,762,000 and profit of approximately HK\$6,401,000 attributable to shareholders of the Group (2002: loss of approximately HK\$2,258,000 and loss of approximately HK\$2,001,000 respectively) and on the weighted average number of 564,000,000 shares (2002: 578,800,000 shares) in issue during the respective periods.

Diluted earnings/loss per share is not presented as there were no diluting events existed during the three months and nine months ended 30 September 2003 and 2002. There were no potential dilutive shares during the period ended 30 September 2003.

5. Dividend

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

FINANCIAL REVIEW

The Group has achieved a remarkable growth in the operational results for the third quarter of 2003. The turnover of the Group for the three months ended 30 September 2003 was approximately HK\$10,651,000, representing an increase of 272% as compared with the same period in 2002. The increase in turnover was primarily attributable to the delivery of radio trunking systems integration to the relevant PRC government departments.

Profit attributable to shareholders for the three months ended 30 September 2003 was approximately HK\$2,762,000, a significant improvement as compared to a loss of approximately HK\$2,258,000 recorded in the corresponding quarter last year. The Group continued to adhere to its commitment and strived hard to meet the established business goals, including the enhancement of the internal control of the financial and quality management, the commencement of researches on the on-going development of advanced telecommunication technologies and expansion of product distribution network. The achievements are strong indication of the Group's momentum and promising prospects.

BUSINESS REVIEW AND OUTLOOK

Radio Trunking Systems Integration

A turnover from radio trunking systems integration of approximately HK\$8,030,000 was recorded for the three months ended 30 September 2003, representing a 331% increase from approximately HK\$1,861,000 in the same period last year. In 2003, the orders made by the relevant PRC government departments increased significantly as compared to the previous year. Due to the Company's technological and both service and product quality improvement in 2003, the delivery of our radio trunking systems integration to the government departments will have been completed as planned by the end of 2003.

The Company has entered into an agreement with Beijing Zhong Rui Te to provide a specialized railway use dispatching system which is the Company's special equipment in railroad development and will be delivered at the end of 2003. The Company sold one similar system before and is expected to expand our business in the market of Chinese railroad.

Gained numerous years of experience in the development of taxi radio regulating systems, during the third quarter of 2003, the Company has developed a general terminal which has safety and defensive features and can be used by taxi and logistics vehicle. The terminal is compatible to numerous networks such as GSM, CDMA and trunking. The terminal is expected to be launched by the first quarter of 2004. The Company will concurrently launch the terminal's complementary dispatching management software to encourage the distributors and customers to select the terminal.

The Company was awarded a "Product Selling Permit" issued by the Ministry of the Public Security, PRC. The permit is necessary for the Company's radio trunking systems integration to be sold to the security systems users in PRC.

BUSINESS REVIEW AND OUTLOOK *(Continued)*

Provision of Telemedia-related Technical Services

A turnover from provision of telemedia-related technical services of approximately HK\$2,621,000 was recorded for the three months ended 30 September 2003, representing a 162% increase over the corresponding period in 2002. Turnover for the nine months ended 30 September 2003 was approximately HK\$4,709,000 which represents an increase of 39% as compared to the corresponding period in 2002. During the third quarter of 2003, Haoyuan Yingte, to which the Group provides telemedia-related technical services, has newly launched a value-added services, i.e. short messaging services to China Unicom's mobile phone subscribers in Beijing and Ningbo.

China Mobile has accepted the application of Haoyuan Yingte for a new mobile valued business, named "Zoom-Bright-Shine-Sight" by using the wireless network connection numbers "12568" and "12590". China Mobile has already issued four licences to four other telecommunication companies to test operate this business. Concurrently, the Group has technically pursued to develop this new business in order to strengthen Haoyuan Yingte to facilitate this business once the licence is granted by China Mobile.

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

As at 30 September 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 shares and underlying shares of the Company

Name	Type of interest	Number of shares	Approximate percentage of issued share capital
Mr. Cai Zuping <i>(Note 1)</i>	Corporate	403,280,296	71.50%
Mr. Zhang Zheng <i>(Note 2)</i>	Corporate	403,280,296	71.50%

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

(a) Long positions in shares and underlying shares of the Company (Continued)

Notes :

1. Mr. Cai Zuping, an executive director and the vice chairman of the Company, holds his deemed interest 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) Short positions in shares and underlying shares of equity derivatives of the Company

As at 30 September 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 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 September 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
Infonet <i>(Note 1)</i>	Corporate	403,280,296	71.50%
Qing Jiang (Hong Kong) Holdings Limited ("Qing Jiang") <i>(Note 2)</i>	Corporate	403,280,296	71.50%
Mr. Wang Yuan <i>(Note 3)</i>	Corporate	403,280,296	71.50%
Mr. He Yuefeng <i>(Note 3)</i>	Corporate	403,280,296	71.50%

SUBSTANTIAL SHAREHOLDERS OF THE COMPANY *(Continued)*

Notes:

1. Infonet is a company incorporated in the British Virgin Islands which is beneficially owned, among others, as to 26% by Qing Jiang, as to 23.82% by Mr. Cai Zuping, as to 19.93% by Mr. Wang Yuan and as to 13.04% by Mr. He Yuefeng.
2. Qing Jiang, a company incorporated in Hong Kong, 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 Hydro-electric Development Company Limited, a state-owned corporation in the PRC.
3. 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 September 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 September 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2003.

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

Hong Kong, 13 November 2003