优能科技

Neolink Cyber Technology (Holding) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8116)

Third Quarterly Report 2007

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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.

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 2007, together with the unaudited comparative figures for the corresponding period in 2006, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 30 September 2007

		(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2007	2006	**2007**	2006
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations					
Turnover	2	**1,789**	18,122	**8,481**	29,119
Cost of sales and services		**(585)**	(5,453)	**(2,293)**	(8,068)
Gross profit		**1,204**	12,669	**6,188**	21,051
Other income	2	**2,839**	2,250	**6,357**	2,817
Distribution costs	3	**(1,274)**	(1,071)	**(4,365)**	(2,820)
Administrative expenses		**(50,681)**	(5,212)	**(64,184)**	(14,595)
(Loss)/profit from operations		**(47,912)**	8,636	**(56,004)**	6,453
Finance costs		**(169)**	(78)	**(410)**	(270)
(Loss)/profit before taxation		**(48,081)**	8,558	**(56,414)**	6,183
Income tax expenses	4	**–**	(113)	**(86)**	(337)
(Loss)/profit for the period from continuing operations		**(48,081)**	8,445	**(56,500)**	5,846
Discontinued operations					
Loss for the period from discontinued operations		**–**	(4,086)	**–**	(13,562)
(Loss)/profit for the period		**(48,081)**	4,359	**(56,500)**	(7,716)
(Loss)/profit attributable to:					
Shareholders		**(47,964)**	4,410	**(56,415)**	(3,959)
Minority interests		**(117)**	(51)	**(85)**	(3,757)
		(48,081)	4,359	**(56,500)**	(7,716)
(Loss)/earnings per share *(HK cents)*					
– From continuing and discontinued operations (loss) earnings per share	5	**(4.92)**	0.78	**(6.71)**	(0.7)
– From continuing operations basis (loss) earnings per share	5	**(4.92)**	1.50	**(6.71)**	1.04

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2007

	Share capital *HK$'000*	Share premium *HK$'000*	Merger Reserve *HK$'000* *(Note (ii))*	Revaluation reserve *HK$'000*	General Reserve *HK$'000* *(Note (i))*	Unaudited Enterprise Expansion Fund *HK$'000* *(Note (i))*	Exchange reserve *HK$'000*	Share-based compensation reserve *HK$'000*	Accumulated Losses *HK$'000*	Minority interest *HK$'000*	Total *HK$'000*
Nine months ended 30 September 2006											
At 1 January 2006	56,400	26,993	(46,815)	1,468	6,806	50	627	1,092	(7,944)	8,316	46,993
Exchange differences	–	–	–	–	–	–	419	–	–	–	419
Employee share option benefits	–	–	–	–	–	–	–	546	–	–	546
Loss attributable to shareholders	–	–	–	–	–	–	–	–	(3,959)	(3,757)	(7,716)
At 30 September 2006	56,400	26,993	(46,815)	1,468	6,806	50	1,046	1,638	(11,903)	4,559	40,242
Nine months ended 30 September 2007											
At 1 January 2007	56,400	26,993	(46,815)	1,846	6,846	50	2,454	1,821	(12,759)	(310)	36,526
Exchange differences	–	–	–	–	–	–	(48)	–	–	–	(48)
Transfer from share-based compensation reserve	–	–	–	–	–	–	–	(1,821)	–	–	(1,821)
Employee share option benefits	–	–	–	–	–	–	–	33,424	–	–	33,424
Placing of new shares	41,016	162,917	–	–	–	–	–	–	–	–	203,933
Elimination upon disposal of subsidiaries	–	–	(3,045)	–	–	–	–	–	–	–	(3,045)
Loss attributable to shareholders	–	–	–	–	–	–	–	–	(56,415)	(85)	(56,500)
At 30 September 2007	97,416	189,910	(49,860)	1,846	6,846	50	2,406	33,424	(69,174)	(395)	212,469

Notes:

(i) The general reserve and enterprise expansion fund are set up by subsidiaries established and operated in the People's Republic of China ("PRC") by way of appropriation from the profit after taxation in accordance with the relevant laws and regulations in the PRC. The rate of appropriation of the general reserve and enterprise expansion fund is subject to the decision of the board of directors of the PRC subsidiaries, but the minimum appropriation rate for the general reserve is 10% of the profit after taxation for each year, until when the accumulated balance reaches 50% of the total registered capital of the subsidiary. Pursuant to the relevant laws and regulations of the PRC, if approvals are obtained from the relevant government authorities, the general reserve can be used in setting off accumulated losses or to increase the capital, and the enterprise expansion fund can be used to increase the capital.

(ii) Merger reserve represents the difference between the nominal value of the shares of subsidiaries acquired and the nominal value of the shares issued by the Company as consideration thereof pursuant to the reorganisation.

NOTES:

1. Basis of preparation

The unaudited condensed consolidated accounts have been prepared under the historical cost convention as modified by the revaluation of leasehold buildings in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies and methods of computation adopted in the preparation of those unaudited consolidated accounts are consistent with those set out in the annual financial statements for the year ended 31 December 2006.

2. Turnover and other income

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**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Turnover				
Technical service income				
Telemedia-related services	**–**	–	**–**	552
Provision of vehicle telematrics information services	**–**	34	**–**	77
Sales of goods				
Radio trunking systems integration	**1,789**	18,088	**8,481**	28,490
	1,789	18,122	**8,481**	29,119
Other income				
Interest income	**1,888**	17	**1,943**	68
Others	**951**	2,233	**4,414**	2,749
	2,839	2,250	**6,357**	2,817
Total revenues	**4,628**	20,372	**14,838**	31,936

3. Administrative expenses

During the period, 97,400,000 new share options are granted to certain consultants and employees for services rendered with fair value equivalent to approximately HK$33 million that was recognized as consultancy fee and staff cost in administrative expenses.

4. Income tax expenses

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

		Three months ended 30 September		Nine months ended 30 September	
		2007	2006	**2007**	2006
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong profits tax	*(i)*	**–**	–	**–**	–
Overseas taxation	*(ii)*	**–**	113	**86**	337
		–	113	**86**	337

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.

5. (Loss)/earnings per share

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

	2007	2006
	HK$'000	*HK$'000*
For continuing and discontinued operations		
Loss attributable to shareholders	**(56,415)**	(3,959)
For continuing operations		
(Loss)/profit attributable to shareholders	**(56,415)**	5,846

	Number of shares	
	2007	2006
Weighted average number of ordinary shares in issue during the period	**840,796,484**	564,000,000

No diluted (loss) earnings per share for the period ended 30 September 2007 is presented because the exercise price of the Company's options was higher than the average market price of the shares.

6. Dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2007 (2006: Nil).

FINANCIAL REVIEW

For the nine months ended 30 September 2007, the unaudited consolidated turnover of Group was approximately HK$8.5 million, representing an decrease of approximately 71% as compared with the corresponding period in 2006. The unaudited loss attributable to shareholders for the nine months ended 30 September 2007 amounted to approximately HK$56.4 million.

The business of radio trunking system integration recorded approximately HK$8.5 million sales, the turnover was decreased by approximately HK$20 million. The decrease of business was mainly attributable to delay in delivery orders from government procurement bodies during the period.

During the period ended 30 September 2007, there was no turnover for provision of telemedia related and other value added-telecommunication related services.

During the period, 97,400,000 new share options are granted to certain consultants and employees for services rendered with fair value equivalent to approximately HK$33 million that was recognized as consultancy fee and staff cost in administrative expenses. Moreover, the Group engaged in business of investment in securities and it leads to approximately HK$6.4 million unrealized investment loss due to relatively low performance in particular shares and it is expected to be recovered at year ended. Thus, an increase in the administrative expenses approximately 340% compared with the corresponding period in 2006 and, as a result, there is a significant loss for the period.

PLACING OF NEW SHARES

In order to broaden the shareholders base and capital base of the Company and to raise capital for the Group to increase available financial resources for future investment opportunities, the Group completed the placing of a total of 410,160,000 new shares during the period, raising approximately HK$200 million for future use.

BUSINESS REVIEW AND OUTLOOK

BUSINESS DEVELOPMENT

For the three months ended and nine months ended 30 September 2007, the radio trunking business of the Group achieved a turnover of approximately HK$1.8 million and HK$8.5 million respectively, representing a decrease of 90% and 70% as compared to the corresponding quarter and nine months ended in the previous year respectively. The decrease in turnover for the current quarter and nine months ended is mainly attributable to the specialty of government procurements, causing the delay in delivery of abundant products.

For the nine months ended 30 September 2007, the Group's radio trunking business received orders, which are expected to be executed this year, with an aggregate value of approximately RMB48,320,000, representing an increase of 16% as compared with RMB41,756,333 in the same period last year. In which, the Group received orders of RMB14,562,000 in the third quarter, representing an increase of 6.67 time as compared with RMB1,897,239 in the corresponding period last year. Such increase is mainly attributable to the Group making good use of its existing advantage on customer resources, the Group has received considerable orders from government procurement department once the new generation communication products were launched. The marketing focus on public safety market had also brought along better returns.

In the first nine months of this year, the Group has in accordance with expanding the contribution on mobile terminals, keeps launching new products and makes good use of the good customer resources to carry out market penetration at once, with the belief on market exploration to expand the product market of public safety and marine areas, the Group has attained a good development in the government procurement and public safety market. This can serve as a good foundation for stabilizing and improving the results of the Group in future years.

The main construction work for the plant and office located on the land acquired by the Group in Hangzhou has already finished. Construction of fire facilities, sewage and interior decoration project will be postponed due to the constraints on the Group's overall capital arrangement. The decoration proposal has been finished at the present and it is intended to commence the decoration work in near future. The construction period is expected to last for three months. By the first quarter of 2008, residential conditions shall be fulfilled. However, as the early stage of the project is funded by the construction party in advance, it will bring more cash flow pressure to the Company's operations in the final stage.

THE SITUATION OF SETTING UP AUTOMOBILE PARTS JOINT VENTURE COMPANY IN CHONGQING

Introduction

In the announcement dated 11 July 2007, the Board announced that, on 6 July 2007, Hong Kong Chang Kang (Holdings) Limited, a wholly-owned subsidiary of the Company, entered into the JV Agreement with Chongqing Changan Jinling Automobile Parts Co., Ltd. to establish the JV Company which will be principally engaged in the development, production and sales of automobile stamping and welding parts and related accessories in the PRC. Details of the JV Agreement are set out below:

THE JV AGREEMENT

Date:

6 July 2007

Parties:

1. Hong Kong Chang Kang (Holdings) Limited ("Chang Kang"); and

2. Chongqing Changan Jinling Automobile Parts Co., Ltd. ("Chongqing Changan Jinling")

Principal terms:

Business of the JV Company

Pursuant to the terms and conditions of the JV Agreement, Chang Kang and Chongqing Changan Jinling have agreed to set up the JV Company in Chongqing, the PRC. The JV Company will be principally engaged in the development, production and sales of automobile stamping and welding parts and related accessories in the PRC.

Capital structure

Chang Kang and Chongqing Changan Jinling shall hold 49% and 51% respectively of the equity interests in the JV Company upon establishment. The registered capital of the JV Company shall be RMB100 million (equivalent to approximately HK$100 million). The total investment of the JV Company, including the said registered capital, shall be RMB300 million (equivalent to approximately HK$300 million).

The registered capital of the JV Company shall be contributed as to RMB49 million (equivalent to approximately HK$49 million) by Chang Kang and as to RMB51 million (equivalent to approximately HK$51 million) by Chongqing Changan Jinling in proportion to their respective equity interests in the JV Company.

The balance of the total investment of the JV Company shall be contributed by Chang Kang and Chongqing Changan Jinling in proportion to their respective equity interests in the JV Company.

Chang Kang shall contribute its share of the total investment of the JV Company (including the registered capital) of RMB147 million (equivalent to approximately HK$147 million) in cash which shall be financed by the Group's internal resources.

Chongqing Changan Jinling shall contribute its share of the total investment of the JV Company (including the registered capital) of RMB153 million (equivalent to approximately HK$153 million) by way of injection of its own tangible assets as mutually agreed by both Chongqing Changan Jinling and Chang Kang including but not limited to (i) production lines and production facilities for the stamping and welding of automobile parts such as external body cover, car door and other body parts; and (ii) the Land, which consists of a piece of land of approximately 47,429 square meters for industrial use with the land use right granted to Chongqing Changan Jinling until 2054, and with a factory and ancillary buildings thereon with a total floor area of approximately 23,000 square meters. The Land is currently occupied by Chongqing Changan Jinling for its own business. It is intended that the Land shall be used as the principal production base for the JV Company's business.

A PRC independent professional valuer duly qualified and licensed under the relevant laws and regulations in the PRC who is acceptable to both parties to the JV Agreement shall be engaged to perform valuation on the said tangible assets in accordance with the requirements and standards under the relevant PRC laws and regulations prior to the contribution to the JV Company by Chongqing Changan Jinling. The Directors are of the view that such duly qualified and licensed PRC valuer has the proper qualification and is appropriate to perform the valuation on the said tangible assets.

In the event that the assessed value of the said tangible assets to be injected if Chongqing Changan Jinling is less than Chongqing Changan Jinling's capital contribution commitment, Chongqing Changan Jinling shall contribute the shortfall by way of cash. Pursuant to the JV Agreement, Chongqing Changan Jinling has not agreed to inject any of its existing business operation as its share of contribution towards the total investment (including the registered capital) of the JV Company.

Chang Kang and Chongqing Changan Jinling shall make their capital contribution after establishment of the JV Company according to the timetable to be determined by the both parties. The both parties shall proceed as soon as possible to establishing the JV Company and obtaining all necessary approvals related thereto.

Term

The JV Agreement shall have a term of 30 years from the date of establishment of the JV Company. The parties to the JV Agreement may mutually agree to apply to the relevant governmental authorities to extend the term of the JV Agreement.

Board composition

The board of directors of the JV Company shall consist of five directors, of whom two shall be appointed by Chang Kang and three by Chongqing Changan Jinling. The chairman of the board shall be elected among the directors. The quorum of a board meeting shall be four, unless otherwise determined unanimously by all the directors present at the board meeting. In any event there must be at least one director from each party present at the board meeting. Important decisions shall require the unanimous approval of at least four directors present at the board meeting. Chang Kang and Chongqing Changan Jinling shall have joint control over the JV Company.

Profit sharing

Profits of the JV Company will be distributed in accordance with the proportion of the registered capital held by Chang Kang and Chongqing Changan Jinling in the ratio of 49% and 51% respectively.

Non-competition

Each of Chang Kang and Chongqing Changan Jinling agreed with each other not to engage in any business in competition with the JV Company during the term of the JV Agreement, except for any existing business arrangements prior to the JV Agreement. Upon formation of the JV Company, Chongqing Changan Jinling shall continue its automobile parts business in areas other than that of the JV Company's principal business, namely the development, production and sales of automobile stamping and welding parts and related accessories.

Conditions precedent

The JV Agreement is conditional upon (i) approval by the Shareholders on the JV Agreement and the formation of the JV Company; (ii) approval by the shareholder of Chongqing Changan Jinling; and (iii) approval by all relevant PRC governmental authorities. The JV Agreement does not specify the latest time by which the said conditions have to be fulfilled and there is no provision for waiver of the conditions.

Lease

The JV Company will lease the Land until the transfer of the relevant property titles regarding the Land to the JV Company by Chongqing Changan Jinling as a part of the contribution of its share of the total investment of the JV Company pursuant to the relevant PRC laws and regulations. The JV Company will pay rent in relation to the lease, the amount of which is to be finalised. The rental payment will be determined at arm's length negotiation by the JV Company and Chongqing Changan Jinling with reference to the market rent of similar properties. In the event that Chongqing Changan Jinling shall inject the Land into the JV Company as a part of the contribution of its share of the total investment of the JV Company, the lease shall automatically cease upon such injection.

INFORMATION ON CHONGQING CHANGAN JINLING

Chongqing Changan Jinling is a company incorporated in the PRC and is principally engaged in the development, production and sales of automobile stamping and welding parts and related accessories, engine parts and chassis parts in the PRC. Chongqing Changan Jinling is beneficially owned by China South Industries Automobile Corporation and Chongqing Changan Automobile Company Limited. Automobile brands using Chongqing Changan Jinling's products include FORD, SUZUKI, MAZDA and VOLVO. To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, Chongqing Changan Jinling and its ultimate beneficial owners are third parties independent of the Group and its connected persons and are not connected persons of the Group.

REASONS FOR AND BENEFIT OF ENTERING INTO OF THE JV AGREEMENT

The Group is principally engaged in the development of radio trunking systems integration and provision of telemedia-related and other telecommunication-related technical services. During the development of business for the applications of their services in the automobiles, the Group realized the business potential of the automobile parts industry in the PRC and it is the intention of the Group to explore suitable opportunities and new investment for the Company by forming a joint venture company in this regard. Entering into the JV Agreement allows the Group to expand the business line by diversifying into the production and sales of automobile parts and accessories in the PRC. The Board is optimistic about the automobile market in the PRC and considers that the Transaction will enable the Group to capture the growing prospects of the automobile parts industry. The Board is of the view that the Transaction will strengthen the Group's revenue base. The Board does not consider that the formation of the JV Company itself would have any material adverse financial impact on the assets and liabilities of the Group. The Directors consider that the terms of the JV Agreement are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The JV Company will be owned as to 49% by Chang Kang and 51% by Chongqing Changan Jinling upon establishment. The Group and Chongqing Changan Jinling shall have joint control over the JV Company. The JV Company will not be accounted for as a subsidiary of the Group. The JV Company will become a jointly controlled entity of the Group and its financial performance will be accounted for by using the proportionate consolidation method.

THE LATEST DEVELOPMENT OF THE JOINT VENTURE COMPANY

According to the GEM Listing Rule, the joint venture agreement constitutes a major transaction of the Company. The Company has already obtained approval from shareholders in the extraordinary general meeting on 17th August 2007.

The joint venture company was officially set up on 17th September 2007 which is named as South Jinkang Automobile Parts And Components Company Ltd（南方金康汽車零部件有限公司）(the "Joint Venture Company"). During the period, the joint venture company was given approval by Chongqing Changan Jinling shareholders and relevant Chinese government authorities.

The aim of setting up a joint venture company is to introduce state-of-the-art production technology and scientific management method in a jointly-invested way to raise the quality, value and competitiveness of stamping and welding, so as to satisfy the car development requirement in the south. We have also taken initiative in opening up other car industry market in China and ancillary market overseas, so that both parties to the joint venture can reap satisfactory award.

Currently, the joint venture company is undergoing planning and regulation for relevant affairs and production, and is beginning to produce part of the components and starting initial operation. At the same time, the management is confident that the relevant results will be booked at the end of the year.

The Group has invested RMB49,000,000 for the project and is planning for further investment to raise productivity so that total investment from our party reaches RMB150,000,000.

DEVELOPMENT OF THE GROUP

The Group will develop into a diversify enterprise, so as to archive stable growth in revenue. As such, the Group will keep identifying and sought for other suitable investment opportunities and projects, and keep bringing returns for the shareholders.

PLACING OF NEW SHARES

In order to broaden the equity transfer and capital base of the Company and to raise capital for the Group to increase available financial resources for future investment opportunities, the Group has finished placing of a total of 410,160,000 new shares in three periods which were on 15 January 2007, 27 February 2007 and 14 June 2007, raising capital amounted HK$203,932,800. In order to explore the Group's business, on 14 February 2007, the Group announced to enter into a non legally binding memorandum of understanding with Chang Kong, an independent third party, so as to acquire its entire issued share capital. Apart from this, the Group does not have any concrete investment targets or plans.

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

As at 30 September 2007, 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 5.46 of the GEM Listing Rules, were as follows:

LONG POSITIONS IN THE ORDINARY SHARES OF HK$0.10 EACH OF THE COMPANY

Name	Type of interest	Number of shares	Approximate percentage of issued share capital
Mr. Cai Zuping *(Note 1)*	Corporate	363,040,296	37.27%

Notes:

1. Mr. Cai Zuping, an executive director and the 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 37.27% of the total issued share capital of the Company.

Save as disclosed above, as at 30 September 2007, none of the directors and chief executives of the Company had registered an interest or short position in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As at 30 September 2007, 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.

LONG POSITIONS IN THE ORDINARY SHARES OF HK$0.10 EACH OF THE COMPANY

Name	Type of interest	Number of shares	Approximate percentage of issued share capital
Infonet *(Note 1)*	Corporate	363,040,296	37.27%
Harbour Smart Development Limited (“Harbour Smart”) *(Note 2)*	Corporate	363,040,296	37.27%
Mr. Wang Yuan *(Note 3)*	Corporate	363,040,296	37.27%

Notes:

1. Infonet is a company incorporated in the British Virgin Islands which is beneficially owned, among others, as to 26% by Harbour Smart, 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. Harbour Smart, a company incorporated in Hong Kong, has interest in the Company through its shareholding of 26% in Infonet. Mr. Shu Zhan and Mr. Zheng Xiaoyin are the executive directors and shareholders of the Harbour Smart and hold the shares of Harbour Smart on trust for Hubei Qing Jiang Hydro-electric Development Limited, a state-owned corporation in the PRC. Mr. Shu Zhan and Mr. Zheng Xiaoyin, are independent third parties not connected with the directors, chief executive 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.

3. Mr. Wang Yuan is an independent third party not connected with the directors, chief executives or substantial shareholders of the Company, any of its subsidiaries or any of their respective associates. He is not involved in the management of the Company and its subsidiaries. Mr. Wang Yuan has interest in the Company through his shareholdings of 19.93% in Infonet.

Save as disclosed above, as at 30 September 2007, 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.

SHARE OPTION

No share option scheme was adopted since the termination of the Scheme on 14 January 2007. At no time during the period was the Company, any of its holding companies, fellow subsidiaries or subsidiaries a party to any arrangement to enable the Directors to a 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 respective, associates (which has the meaning ascribed to it under the Rules Governing the Listing of Securities on the GEM), had any right to subscribe for the securities of the Company, or had exercised any such rights during the period.

The Company adopted a new share option scheme ("the Scheme"), which became effective for a period of 10 years commencing on 10 August 2007. Under the Scheme, the Directors of the Company may at their discretion to grant options to any eligible person to subscribe for the shares of the Company ("Share") at the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share. The offer of a grant of option shall remain open for acceptance within 21 days from the date of offer. A nominal consideration of HK$1 is payable on acceptance of the grant of the option. The exercise period of the option must not be more than 10 years from the date of grant of the option.

The Company operates the Scheme for the purpose of advancing the interests of the Company and its shareholders by enabling the Company to grant options to attract, retain and reward any eligible persons which include any director of the Group, any employee of a Group, any consultant, adviser, agent supplier, customer, business partner and shareholder of the Group for their contribution or potential contribution to the Group.

The total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes in force from time to time must not in aggregate exceed 30% of the Share in issue from time to time.

The total number of Shares which may be issued upon exercise of all options to be granted under the Scheme shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of the passing of the relevant resolution for adjusting the scheme.

Pursuant to the Share Option Scheme adopted by the Company on 30 July 2007 ("Share Option Scheme"), as at 30 September 2007, the employees and consultants were granted share options to subscribe for shares of the Company, details of which were as follows:

Name of Category of participant	As at 1 January 2007	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	As at 30 September 2007	Date of granted of share options	Exercise period of share options	Exercise price of share options
Employees	–	19,480,000	–	–	–	19,480,000	10 August 2007	10 August 2007 – 9 August 2012	HK$0.38
Consultants	–	77,920,000	–	–	–	77,920,000	10 August 2007	10 August 2007 – 9 August 2012	HK$0.38
Total	–	97,400,000	–	–	–	97,400,000			

None of the employees and consultants of the Group had exercised their share options during the period ended 30 September 2007.

COMPETING INTERESTS

The directors of the Company are not aware of, as at 30 September 2007, any business or interests 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 interests which any such person has or may have with the Group.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules for the nine months ended 30 September 2007.

AUDIT COMMITTEE

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 three independent non-executive directors of the Company, namely Mr. Jin Ge, Mr. Tso Hon Sai, Bosco and Mr. Lee Chi Hwa, Joshua. The Group's unaudited results for the nine months ended 30 September 2007 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.

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 2007.

On behalf of the Board
Neolink Cyber Technology (Holding) Limited
Cai Zuping
Chairman

Hong Kong, 13 November 2007

As at the date hereof, the Company comprises the three executive directors (Mr. Cai Zuping, Mr. Stephen William Frostick and Mr. Gao Guo Lung) and the three independent non-executive directors (Mr. Jin Ge, Mr. Tso Hon Sai, Bosco and Mr. Lee Chi Hwa, Joshua.)