优能科技

Neolink Cyber Technology (Holding) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8116)

FIRST QUARTERLY REPORT **2008**

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this reports.

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 ended 31 March 2008, together with the unaudited comparative figures for the corresponding period in 2007, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2008

		(Unaudited) For the three months ended 31 March	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
Continuing operations			
Turnover	*2*	**84,818**	–
Cost of sales and services		**(78,992)**	–
Gross profit		**5,826**	–
Other income	*2*	**1,893**	1
Distribution costs		**(1,753)**	–
Administrative expenses		**(19,046)**	(2,259)
Gain on disposal of subsidiaries		**1,402**	–
Loss from operations		**(11,678)**	(2,258)
Finance costs		**(426)**	–
Loss before taxation		**(12,104)**	(2,258)
Income tax expenses	*3*	**–**	–
Loss for the period from continuing operations		**(12,104)**	(2,258)
Discontinued operations			
Loss for the period from discontinued operations		**(2,935)**	(4,523)
Loss for the period		**(15,039)**	(6,781)
Loss attributable to:			
Shareholders		**(15,035)**	(6,855)
Minority interests		**(4)**	74
		(15,039)	(6,781)
Loss per share *(HK cents)*			
– From continuing and discontinued operations loss per share	*4*	**(1.29)**	(0.96)
– From continuing operations basis loss per share	*4*	**(1.04)**	(0.32)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2008

	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$'000	Share – base compensation reserve HK$'000	Accumulated Losses HK$'000	Minority interest HK$'000	Total HK$'000
Three months ended 31 March 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
Employee share option benefits	–	–	–	–	–	–	–	182	–	–	182
Loss attributable to shareholders	–	–	–	–	–	–	–	–	(6,855)	74	(6,781)
Exchange differences	–	–	–	–	–	–	(3,841)	–	–	–	(3,841)
Placing of new shares	24,816	31,697	–	–	–	–	–	–	–	–	56,513
At 31 March 2007	81,216	58,690	(46,815)	1,846	6,846	50	(1,387)	2,003	(19,614)	(236)	82,599
Three months ended 31 March 2008											
At 1 January 2008	116,816	212,802	(46,815)	1,846	6,846	50	6,822	33,424	(60,329)	(451)	271,011
Loss attributable to shareholders	–	–	–	–	–	–	–	–	(15,035)	(4)	(15,039)
Disposal of subsidiaries	–	–	–	(1,846)	–	–	(1,780)	–	1,846	455	(1,325)
Exchange differences	–	–	–	–	–	–	(363)	–	–	–	(363)
At 31 March 2008	116,816	212,802	(46,815)	–	6,846	50	4,679	33,424	(73,518)	–	254,284

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 consolidated accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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 2007.

2. Turnover and other income

The Group is principally engaged in production and sales of automobile parts and associates in PRC, radio trunking systems integration and provision of telemedia-related and other value-added telecommunication-related technical services. Revenues recognized are as follows:

	(Unaudited) For the three months ended 31 March	
	2008	2007
	HK$'000	*HK$'000*
Turnover		
Technical service income		
Telemedia-related and other value-added telecommunication-related technical services	**–**	–
Sales of goods		
Radio trunking systems integration	**175**	–
Sales of automobile stamping and welding parts and related accessories	**84,643**	–
	84,818	–
Other income		
Interest income	**610**	1
Others	**1,283**	–
	1,893	1
Total revenues	**86,711**	1

3. Income tax expenses

The amount of tax charged to the condensed consolidated income statement represents:

		(Unaudited) For the three months ended 31 March	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
Hong Kong profits tax	*(i)*	**–**	–
Overseas taxation	*(ii)*	**–**	–
		–	–

Notes:

(i) No provision for Hong Kong profits tax is required as the Group has no assessable profit for the year (2007: HK$Nil).

(ii) Overseas taxation represents tax charges on the assessable profits of certain subsidiaries operating in the PRC calculated at the applicable rates.

4. Loss per share

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

	2008	2007
	HK$'000	*HK$'000*
For continuing and discontinued operations		
Loss attributable to shareholders	**(15,035)**	(6,855)
For continuing operations		
Loss attributable to shareholders	**(12,104)**	(2,258)

	Number of shares	
	2008	2007
Weighted average number of ordinary shares in issue during the period	**1,168,160,000**	704,624,000

No diluted loss per share has been presented because the exercise prices of the Company's options were higher than the average market price of the Shares for the period 2008 and 2007.

5. Dividend

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2008 (2007: Nil).

BUSINESS REVIEW AND OUTLOOK

GROUP DEVELOPMENT

The Group will develop into a diversify enterprise, with a view to maintain stable growth. As such, the Group will keep looking for and identifying suitable investment opportunities and projects, and continue to bring the largest return to the shareholders.

In 2008, The Group continues to stick with its operation strategy to integrate its resources and make adjustment to its business, the non-performing business will be gradually split out through disposal or other methods, so as to optimize the Group's asset and allocate the limited resources to explore business with brighter prospect, thus pursuit the rapid development and healthy growth of the Group's business.

AUTOMOBILE STAMPING AND WELDING

The JV Company was duly established in September 2007. Its principal business consists of developing, producing and selling products of stamping and welding parts for automobiles and other auxiliary products, designing, manufacturing and selling of grips and moulds.

During the quarter, the JV Company has sold 136,000 ancillary stamping and welding parts for automobiles, and recorded sales of HK$172,741,000 (approximately RMB155,467,000). The Group has accounted for the sales on proportion and recorded turnover of HK$84,643,000 (approximately RMB76,179,000). Its customers include ChangAn Auto Co Ltd, ChangAn Ford Mazda, ChangAn Suzuki Auto Corp, JiangLing Co Ltd and ChangAn Ford Nanjing Corp etc. The Group is reviewing the business of the JV Company and undergoing a negotiation of the business progress with the joint partner Chongqing Changan Jinling Automobile Parts Company Limited so as to underpin the growth development of the JV Company, as well as to bring drives for the growth of results in the long run.

The JV Company is now preparing for the expansion of third and fourth phases construction with the plans set out below:

1. ***Third Phase Construction***

   This acts as the carrying project in 2007, its major construction includes: a new high capacity stamping production line with 2,400 tonnes, 28 new processing equipments, which formed a production scale with 240,000 units of larged-sized automobile casings per year; a new welding plant with 7,800 square meters and offices built in Changan Industrial Park to meet the needs of welding workshops or other departments. The total investment for the Third Phase Construction project is approximately RMB129 million. It is expected that the investment will be completed in 2008.

2. ***Forth Phase Construction***

   In order to meet the requirement of large scale stamping parts, car door production and the replacement of plant capacity, it is intended to implement the Fourth Phase Construction, its major construction includes: a proposed plan to build two new stamping production lines in Changan Industrial Park, to build one new car door fastening welding production line in the original stamping plant, to introduce ancillary equipments such as scrap material delivery channel, truck trolley, hand pallet trucks etc. and to enlarge the power plant. The additional fixed asset investment on the Fourth Phase Construction is RMB79 million. When all construction works have completed, annual production volume will increase to 240,000 units of larger-sized casings, 220,000 stamping and welding parts to car main body and 100,000 units of door.

RADIO TRUNKING SYSTEMS INTEGRATION – BUSINESS DEVELOPMENT

Disposal of Radio trunking systems integration hardware business

On 20 March 2008, the Company, as the vendor, entered into the Sale and Purchase Agreement with the Gold Hilltop Holding Limited (Purchaser), pursuant to which the Company agreed to sell all Shares of Neolink Communications Technology (BVI) Limited (“Neolink Communications”) to Gold Hilltop Holding Limited for an aggregate consideration of HK$16,000,000. On 31 March 2008, the disposal was completed.

CONSIDERATION

The Consideration is HK$16,000,000 which shall be payable by the Purchaser to the Company (or as it may direct) in the following manner:–

(i) HK$1,600,000 in cash as non-refundable deposit and part payment of the Consideration upon signing of the Sale and Purchase Agreement;

(ii) HK$7,200,000 in cash on or before 30 June 2008; and

(iii) HK$7,200,000 (being the balance of the Consideration) in cash on or before 30 September 2008.

The Consideration is arrived at after arm's length negotiation between the Company and the Purchaser and by reference to the audited net asset value of Neolink Communications as at 31 December 2007 prepared in accordance with HKFRSs issued by HKICPA.

Pursuant to the Sale and Purchase Agreement, the Purchaser shall give a promissory note in favour of the Company based on which the Purchaser promises to pay to the Company the sum of HK$14,400,000 by two instalments of HK$7,200,000 each on 30 June 2008 and 30 September 2008 respectively with interest on the balance for the time being outstanding payable on the above dates at the rate of 5% per annum and in default of any instalment to pay to the Company on demand the whole balance then unpaid with interest as specified above up to the date of payment whether or not there has been any waiver of any previous instalment.

In addition, the Purchaser shall execute a share charge by way of first fixed charge over the Sale Shares, including but not limited to all dividend paid or payable thereon, to the Company as continuing security for the payment and discharge of the sum owed by the Purchaser to the Company.

Radio trunking business has long been the integral part in the development of the Group. The professional hardware product had narrow its market, and order from major customer can greatly affect the performance of the result of this business, thus restricting the overall growth of the Group's business in a certain extent. In order to get rid of the above averse factors, starting from early 2008, the Group has started to make firm adjustment to its strategy and dispose the said business. It is believed that after the integration, the Group will take a more active roll in business expansion and marketing, and will have a broader market.

The Disposal would allow the Group to dispose of a losing operation and improve its financial performance. In addition, having considered the amount of Consideration which is slightly higher than the net asset value of the Operation as at 31 December 2007 and the expected loss of the Operation for the three-month period ended 31 March 2008 (the expected date of Completion) which would further deprive its net asset value, a slight gain on the Disposal of approximately HK$2 million is expected to be attributable to the Company. In addition, it has been the Group's strategy to actively explore and diversify into other business areas in order to improve Shareholders' return. After the Disposal, the Group will continue to seek opportunities in automobile related and other industries which can enhance Shareholders' value. Having considered that (i) the Disposal is in line with the Group's strategy; and (ii) the benefits which are expected to accrue to the Group as a result of the Disposal, the Directors consider the Disposal and the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

For the three month ended 31 March 2008, the turnover from the sales of radio trunking business has been recorded as HK$175 thousand, comparing with no turnover of the corresponding period last year. This is mainly due to the decrease of order placed from the government causing by the macro economic control, intensify competition in the industry, and delay in new product research and development.

PROPOSED ACQUISITION OF A MINING BUSINESS

On 31 March 2008, the Purchaser, a wholly owned subsidiary of the Company, entered into the Framework Agreement with the Vendors in relation to the proposed acquisition of the entire issued share capital of the Target. Upon completion of the Target Group's reorganization, the Target Group will become the owner of a mining business in the PRC which consists of the mining rights over the Mine and related production facilities.

The Framework Agreement does not create legally binding obligations on the Purchaser in relation to the Proposed Acquisition but is legally binding on the parties as to other obligations under the Framework Agreement. The Proposed Acquisition is subject to the negotiation and execution of a formal sale and purchase agreement between the parties. The consideration for the Proposed Acquisition will be determined after further negotiations and with reference to the value of the Mine.

Under the Framework Agreement, the Vendors have given the Purchaser an exclusive right for a period of three months starting from the date of the Framework Agreement subject to an extension of further three months at the request of the Purchaser to finalise the formal agreement and during such exclusive period the Vendors shall not directly or indirectly negotiate or agree with any other party in relation to the Proposed Acquisition or any rights of the Mine. In consideration for the granting of such exclusive right, a refundable earnest money of HK$30 million will be paid to the Vendors within 3 working days from the date of signing of the Framework Agreement. If the parties do not enter into the formal agreement prior to expiry of the said exclusive period, the Vendor shall forthwith return the earnest money to the Purchaser without interest and the Framework Agreement shall terminate. If the formal agreement is entered into, the Company will comply with the GEM Listing Rules with respect to disclosure and approval requirements in relation to the formal agreement.

CAPITAL REORGANISATION

The Directors proposed to reorganize the capital of the Company in the following manner:

1. the par value of each issued Share of HK$0.10 will be reduced to HK$0.01 by canceling paid-up capital to the extent of HK$0.09 on each issued Share; and

2. each authorized but unissued Share will be subdivided into 10 New Shares of HK$0.01 each.

CONDITIONS FOR CAPITAL REORGANISATION

The Capital Reorganisation is conditional upon the following:

(1) the passing of the necessary resolutions by the Shareholders to approve the Capital Reorganisation at the EGM;

(2) the Court approving the Capital Reduction and compliance with any conditions the Court may impose;

(3) the GEM Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the New Shares in issue.

An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares to be in issue upon the Capital Reorganisation taking effect.

The Capital Reorganisation shall become effective upon registration of the Court order and other relevant documents with the Registrar of Companies of the Cayman Islands. The Capital Reorganisation will not entail any amendments to the Company's memorandum and articles of association.

REASONS FOR CAPITAL REORGANISATION

As at 31 December 2007, the Company had accumulated losses of approximately HK$60.3 million. It is expected that the accumulated losses of the Company will be eliminated after the Capital Reorganisation. It will therefore facilitate any dividend payment by the Company as and when appropriate in the future.

In addition, the Company is prohibited from issuing new shares at below their par value under the Company's articles of association and without Court approval under the Companies Law of the Cayman Islands. The par value per Share is HK$0.1. The closing price per Share as quoted on the Stock Exchange on 24 April 2008, being the last trading day of the Shares on the Stock Exchange before the publication of this report, is HK$0.14. The average closing price per Share for the last 10 consecutive trading days up to and including 24 April 2008 is HK$0.139. The average closing price per Share for the last 30 consecutive trading days up to and including 24 April 2008 is HK$0.138. The reduced par value of the New Shares will give the Company greater flexibility in pricing any future issue of shares. Therefore the Directors consider that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

FINANCIAL REVIEW

For the three months period ended 31 March 2008, the unaudited consolidated turnover of the Group from continuing operations was approximately HK$84.818 million and none for the corresponding period in 2007. The unaudited loss attributable to shareholders for the three months ended 31 March 2008 amounted to approximately HK$15.035 million.

The turnover approximately HK$84.818 million represents approximately HK$84.643 million from the business of automobile stamping and welding and HK$175 thousand from the business of radio trunking systems software integration. As a new business of the automobile stamping and welding was introduced into the Group since September 2007, there is no comparative figure for the corresponding period in 2007. No turnover of continuing operations from the business of radio trunking systems integration for the corresponding period in 2007 because the business of software was formed in the second half of the last year.

During the year, the Group obtained approximately HK$1.893 million other income represents the sales of scrap raw materials attributable to the Group of approximately HK$1.283 million from the business of automobile stamping and welding. During the period, the group generated approximately HK$610 thousand interest income. The corresponding period in last year, approximately HK$1 thousand other revenue was mainly from interest income. During the period, the gain from the disposal of business in hardware of radio trunking systems integration was HK$1,402 million.

Distribution costs mainly represents delivery cost for production of automobiles parts business and no distribution costs were incurred as no relevant business operated during the period in last year.

Administrative expenses increased by HK$16.787 million to HK$19.046 million was attributed to extra administrative expenses brought from the new business automobile stamping and welding of approximately HK$2.822 million, unrealized loss on financial assets at fair value through profit or loss of approximately HK$9.945 million and increase in wages and other operating expenses of approximately HK$4.02 million.

Finance cost for the period of approximately HK$426 thousand represents bank loan interest attributable to the Group of approximately HK$384 thousand and interest from financing from financial institution approximately HK$42 thousand.

As a result, the loss attributable to shareholder of HK$15.035 million for the period increased by approximately HK$8.254 million in losses as compared to corresponding in last year.

The gain from the disposal of subsidiaries was HK$1.402 million. Principal business of the subsidiaries was radio trunking system integration.

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

As at 31 March 2008, the interests of the Directors and the Chief Executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by Directors, 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	31.08%

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 31.08% of the total issued share capital of the Company.

Save as disclosed above, as at 31 March 2008, none of the Directors or Chief Executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associates corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As at 31 March 2008, the following persons (other than the Director and the Chief Executive of the Company) had an interest and a short position 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 *(Note 1)*	Corporate	363,040,296	31.08%
Harbour Smart Development Limited ("Harbour Smart") *(Note 2)*	Corporate	363,040,296	31.08%
Mr. Wang Yuan *(Note 3)*	Corporate	363,040,296	31.08%

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.

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 director and shareholder 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 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 has interest in the Company through their shareholdings of 19.93% in Infonet.

Save as disclosed above, as at 31 March 2008, the Company had not been notified of any other person or company (other than a director or chief executive of the Company) who had registered an interests or short positions in the Shares and underlying Shares of the Company that was required to be recorded under Section 336 of the SFO.

SHARE OPTION SCHEME

The old share option scheme adopted in 2003 was terminated on 14 January 2007. All outstanding options granted under the old share option scheme were cancelled upon termination thereof.

The Company adopted a new share option scheme on 30 July 2007 ("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 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 the Group, any consultant, adviser, agent, supplier, customer, business partner or 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 Shares 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 adoption the Scheme.

Pursuant to the Scheme, as at 31 March 2008, 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 2008	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	As at 31 March 2008	Date of granted of share options	Exercise period of share options	Exercise price of share options
Employees	38,960,000	–	–	–	–	38,960,000	10 August 2007	10 August 2007 – 9 August 2012	HK$0.38
Consultants	58,440,000	–	–	–	–	58,440,000	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 31 March 2008.

The total number of Shares available for issue under the Scheme as at the date hereof was 97,400,000 representing approximately 8.34% of the issued share capital of the Company.

COMPETING INTERESTS

The directors of the Company are not aware of, as at 31 March 2008, 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.

AUDIT COMMITTEE

The audit committee has been established since July 2000 with defined terms of reference, which are of no less exacting terms than those set out in the Code on Corporate Governance Practices of the GEM Listing Rules, to review the Group's financial reporting, internal controls, and corporate governance and risk management matters and to make relevant recommendations to the Board.

The audit committee comprises three Independent Non-executive Directors of the Company, namely Mr. Lee Chi Hwa, Joshua (Chairman), Mr. Tso Hon Sai, Bosco and Mr. Chang Jun. The Group's unaudited results for the three months ended 31 March 2008 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 three months ended 31 March 2008.

On behalf of the Board
Neolink Cyber Technology (Holding) Limited
Stephen William Frostick
Executive Director

Hong Kong, 14 May 2008

As at the date hereof, the Board of directors of the Company comprises two executive directors, being Mr. Cai Zuping and Mr. Stephen William Frostick; and three independent non-executive directors being, Mr. Chang Jun, Mr. Tso Han Sai, Bosco and Mr. Lee Chi Hwa, Joshua.