Contents

CORPORATE INFORMATION

Board of Directors

Executive Directors

Ms. Chen Xiao Ying (Executive Chairman)	
Mr. Luo Ning (Executive Vice Chairman)	(appointed on 1st September, 2002)
Mr. Sun Yalei	(appointed on 1st September, 2002)
Mr. Li Qingpu	(appointed on 1st September, 2002)
Mr. Zhang Lian Yang	(appointed on 1st September, 2002)
Mr. Zhang Yue (Chief Executive Officer)	(appointed on 1st September, 2002)
Ms. Chen Changjuan	(resigned on 1st September, 2002)

Non-executive Director

Mr. Cui Xun (Honorary Chairman)	(resigned on 1st September, 2002)

Independent Non-executive Directors

Mr. Tsui Yiu Wa, Alec	
Mr. Zuo Wei Qi	(appointed on 24th April, 2002)
Mr. Ma Huaide	(appointed on 1st September, 2002)

Company Secretary

Mr. Yee Foo Hei

Registered Office

Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda

Principal Place of Business

6208 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong

Principal Bankers

Bank of China (Hong Kong)
CITIC Ka Wah Bank
The Hongkong and Shanghai Banking Corporation Limited

Solicitors

Hong Kong	Chao & Chung
Bermuda	Appleby, Spurling & Kempe

Auditors

PricewaterhouseCoopers, Certified Public Accountants, Hong Kong

Principal Share Registrar and Transfer Office

Reid Management Limited, 4th Floor, Windsor Place, 22nd Queen Street, Hamilton HM 11, Bermuda

Hong Kong Branch Registrar and Transfer Office

Secretaries Limited, 5th Floor, Wing On Centre, 111 Connaught Road, Central, Hong Kong

Web Site of the Company

http://www.21cncybernet.com
http://www.irasia.com/listco/hk/21cncybernet

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the "Board") of 21CN CyberNet Corporation Limited (the "Company") is pleased to present the unaudited consolidated interim results and condensed financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2002 (the "Period"). The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the Period, and the consolidated balance sheet as at 30th September, 2002 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 13 to 30 of this report.

REVIEW OF OPERATIONS

Turnover of the Group was HK$3,410,000 for the Period, representing a drop of 39% over HK$5,587,000 in the corresponding period last year. The Group recorded a consolidated loss after tax of HK$12,610,000 for the Period, representing a decrease of 51% over HK$25,949,000 in the corresponding period last year. The loss per share for the Period was HK 0.41 cent, representing a decline of 52% over HK 0.85 cent in the corresponding period last year.

As the recovery of Hong Kong economy remained slow, the existing business, mainly property investment and holding, during the Period did not have much contribution on the improvement of the Group's result. The loss for the Period was mainly resulted from the HK$6,500,000 diminution in value of the investment properties to be disposed of subsequent to the Period end. Disregarding this effect, the loss for the Period was HK$6,110,000 which show a significant improvement when compared with the same period in last year. Such decline was mainly attributable to the effective cost control policy adopted by the Group during the Period.

Due to the change of business environment, the Board had decided to withdraw the investments in the jointly controlled entities in prior years and approval from the Beijing Foveigu Trade and Economic Commission (北京市對外經濟貿易委員會) was obtained. For the investment in the associated company, Wanlao Telecom (H.K.) Company Limited, the business strategy has not been agreed and no new commitment or investment was made. Details of the operating result of the Group's other businesses are as follows:

Real Estates

The rental income for the Period was HK$3,161,000 and segment loss was HK$3,817,000. The rental income for the Period was mainly due to decrease in occupation rate and unit charge as a result of the weak economy. The segment result changed from a profit of HK$1,741,000 to a loss of HK$3,817,000 which was mainly due to a provision of diminution in value of investment properties of HK$6,500,000 made as a result of the disposal of investment properties as described below.

On 15th November, 2002, Workshop Units 1, 2, 3 and 4 on 19th Floor and Roofs 1, 2, 3 and 4 of Block B, Hang Wai Industrial Centre, Tuen Mun were disposed of at a consideration of HK$1,300,000 and a gain of disposal of approximately HK$100,000 was resulted.

A provisional sale and purchase agreement was entered into with a third party on 13th December, 2002 in respect of the disposal of two investment properties namely Regency Centre at 39 Wong Chuk Hang Road, Aberdeen, Hong Kong and Lea Hin Industrial Building at 43 Wong Chuk Hang Road, Aberdeen, Hong Kong at an aggregate consideration of HK$55,500,000. The net book value of these investment properties was HK$62,000,000 and a provision for diminution in value of HK$6,500,000 has been made during the Period in order to write down their aggregate carring value to HK$55,500,000. The disposal is scheduled for completion on 15th January, 2003.

Dairy Farm Operation

The dairy farm operated by the Group in New Zealand which included the leasehold land and buildings, livestock and investment securities held was disposed of in July 2002 at a consideration of NZD2,881,000. The sale proceeds from the disposal was used to repay a bank loan of HK$2,191,000 in New Zealand and the net proceeds of HK$10,032,000 was received by the Group. The segment turnover for the Period was HK$249,000 and the segment profit was HK$134,000.

NEW BUSINESS

Sales of goods and rendering of information technologies services

On 3rd April, 2002, the Group entered into an acquisition agreement (the "Acquisition Agreement") with Mr. Chen Wen Xin (the "Vendor"), a brother of Ms. Chen Xiao Ying who is the chairman and the ultimate controlling shareholder of the Company. Pursuant to the Acquisition Agreement, the Company acquired the entire issued share capital of Joy Heaven Inc. ("Joy Heaven") as well as the rights to a loan made by the Vendor to Joy Heaven. The total consideration was HK$17 million, including cash payment of HK$2 million and the issue of 50,000,000 shares of the Company's shares at a price of HK$0.3 per share.

Joy Heaven and its subsidiaries ("Joy Heaven Group") are mainly engaged in telecommunications software development and system integration in the Mainland China. The acquisition was approved in a special general meeting on 22nd May, 2002.

Certain subsidiaries of Joy Heaven Group are domestic limited companies, incorporated in the Mainland China, held under trust arrangement by certain domestic personnel on behalf of Joy Heaven Group. Joy Heaven Group is in the process of transferring these domestic limited companies into wholly foreign owned enterprises in the Mainland China (the "Transfer").

The Vendor undertakes to indemnify the Company from all losses and liabilities suffered if the Transfer cannot be completed within one year from the date of completion of the Acquisition Agreement.

As at 30th September, 2002, the Transfer has not yet been completed and the consideration paid has been accounted for as a deposit for investment.

In 2002, a subsidiary of Joy Heaven Group was awarded the ISO 9001 certification, the title of CISCO's silver certified partner, SUN's jade LSP, second class certificate of computer system integration company issued by the Ministry of Information Industry (信息產業部頒發之計算機系統集成企業二級資質證書) and advance technology enterprise certificate (高新科技企業證書). All these certificates can prove the quality of Joy Heaven Group and its products which enhance the status of the Group and also give confidence to customers and bring new business opportunities for further development.

Joy Heaven Group was established in Guangdong Province, the Mainland China and business mainly focuses in the southern region of the Mainland China. After the acquisition of Joy Heaven Group, with the assistance and support from the Group, a sales and technical team has been set up in Beijing, the Mainland China to explore the market in the northern region of the Mainland China.

PROSPECTS

The Board is optimistic towards the growth potential in business in the Mainland China. The economy of the Mainland China had been growing rapidly in last year with a 7% annual national GDP growth and is expected to reach an 8% growth in the coming year. With the success of access into the WTO of the Mainland China, international corporations will be attracted to enter the Mainland China market and set up their representative offices in the Mainland China. In order to support their operations in the Mainland China, the demand of information technologies services such as system integration and software development will definitely increase. Besides, domestic corporations in the Mainland China also have the needs to improve their office system to compete with the foreign corporations. In view of its proven experience, strong expertise in the industry and its commercial network in the Mainland China, Joy Heaven Group has advantages in the system integration and network management business.

In addition, with CITIC Guoan's presence as the second largest shareholder and appointment of new executive directors, the corporate governance was further strengthened and the business network of the Group are further extended. As our strategic shareholders, including CITIC and China Mobile (Hong Kong), are large conglomerates well experienced in the business operation in the Mainland China, the Group have confidence to succeed in the Mainland China market with the support from these strategic shareholders.

A provisional sale and purchase agreement was entered into with a third party to dispose of two industrial buildings in Aberdeen, Hong Kong, and expected to be completed on 15th January, 2003. After the completion of this disposal, all bank loans will be repaid and the gearing ratio of the Group as well as working capital will be significantly improved. Such disposal is consistent with the business strategy of the Group as the resources of the Group will be focused on the telecommunication and internet related business.

In the meantime, the management continues to seek opportunities to realise the properties of the Group and to identify new investment projects to expand the Group's business. Through the implementation of tight cost controls, the Group is committed to improve profitability and competitiveness to achieve profitable returns for the shareholders.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Following the completion of the disposal of the dairy farm operation in New Zealand, the bank loan in New Zealand was repaid by the sale proceeds from the disposal. The Group's bank borrowings was reduced to HK$27,592,000 million. All bank loans will also be repaid upon the disposal of the two industrial buildings in Aberdeen, Hong Kong. At 30th September, 2002, the Group's gearing ratio calculated by all interest bearing borrowings over the shareholders' funds was 0.23. The finance costs for the Period reduced significantly when compared with the corresponding period in last year as a result of decrease in borrowings and drop in interest rates. As the Group's borrowings are primarily denominated in Hong Kong dollars, there is no significant exposure to foreign exchange fluctuations.

As at 30th September, 2002, the Group has a contingent liability of HK$200,000 for guarantees given in lieu of utility deposits. There is no operating lease commitment and capital commitment as at 30th September, 2002.

In May 2002, 50,000,000 shares were issued at HK$0.3 each for the acquisition of Joy Heaven.

The financial position of the Group remains solid and healthy. The Group's bank balances and cash as at 30th September, 2002 amounted to HK$13,638,000. Together with the sales proceeds of the two industrial blocks in Aberdeen, Hong Kong, the Board believes that the Group is able to continue its daily operation and future development.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th September, 2002, the Group employed a total of 24 full-time employees, of whom 10 were working in Hong Kong and 14 were in the Mainland China. Total staff costs for the Period were reported at HK$4,895,000, representing a substantial reduction from the corresponding period in last Period.

Employees are awarded by reasonable and competitive remuneration on a performance-related basis to motivate employees to provide greater contribution to the Group. The Group has also set up a share option scheme pursuant to which employees of the Group may be granted options to subscribe for the Company's shares.

PURCHASE, SALE AND REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Period.

DIRECTORS' INTEREST IN EQUITY OR DEBT SECURITIES

At 30th September, 2002, the interests of the directors in the share capital of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")) as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance were as follows:

(a) The following director holds ordinary shares of HK$0.01 each in the Company:

Name of director	Number of shares held in personal interests
Ms. Chen Xiao Ying	1,235,027,200

(b) No director had any interests in the securities of any subsidiaries of the Company or any of its associated corporations as defined in the SDI Ordinance as at 30th September, 2002 except for certain nominee shares in subsidiaries held in trust for the Group.

(c) On 28th May, 1998, a share option scheme (the "Existing Scheme") was approved at a Special General Meeting of the Company. At an Extraordinary General Meeting of the Company held on 30th August, 2002, a new share option scheme (the "New Scheme") was approved and adopted by the shareholders of the Company and the Existing Scheme were terminated on the same day. The purpose of the Share Option Schemes are to enable the Board to grant options to individual as incentive or rewards for their contribution or potential contribution to the Group. Notwithstanding the termination of the Existing Scheme, the aforesaid outstanding options previously granted under the Existing Scheme shall reamin valid and exercisable in accordance with the provisions of the Existing Scheme. At 30th September, 2002, there was 87,650,000 options outstanding which are exercisable subject to the terms of the Existing Scheme. No options were granted and exercised under the New Scheme during the Period. The following directors and employees hold options to subscribe for shares in the Company pursuant to the Existing Scheme adopted by the Company:

	Date of grant	Number of options held at 1st April, 2002	Number of options cancelled during the period	Number of options held at 30th Sept, 2002	Exercise price (HK$)	Exercisable from	Exercisable until
Directors							
Ms. Chen	13th July, 2000	21,000,000	—	21,000,000	0.9900	13th January, 2001	27th May, 2008
Xiao Ying	13th July, 2000	21,000,000	—	21,000,000	0.9900	13th July, 2001	27th May, 2008
	13th July, 2000	28,000,000	—	28,000,000	0.9900	13th July, 2002	27th May, 2008
Sub-total		70,000,000	—	70,000,000			
Employees	13th July, 2000	1,065,000	—	1,065,000	0.9900	13th January, 2001	27th May, 2008
	13th July, 2000	1,065,000	—	1,065,000	0.9900	13th July, 2001	27th May, 2008
	13th July, 2000	1,420,000	—	1,420,000	0.9900	13th July, 2002	27th May, 2008
	20th Nov, 2000	2,400,000	—	2,400,000	0.7920	20th Nov, 2001	27th May, 2008
	20th Nov, 2000	2,400,000	—	2,400,000	0.7920	20th Nov, 2002	27th May, 2008
	20th Nov, 2000	3,200,000	—	3,200,000	0.7920	20th Nov, 2003	27th May, 2008
	9th Jan, 2001	3,600,000	3,600,000	—	0.5660	9th July, 2001	N/A
	9th Jan, 2001	3,600,000	3,600,000	—	0.5660	9th January, 2002	N/A
	9th Jan, 2001	4,800,000	4,800,000	—	0.5660	9th January, 2003	N/A
	20th Mar, 2001	1,830,000	—	1,830,000	0.3304	13th January, 2003	27th May, 2008
	20th Mar, 2001	1,830,000	—	1,830,000	0.3304	13th July, 2003	27th May, 2008
	20th Mar, 2001	2,440,000	—	2,440,000	0.3304	13th July, 2004	27th May, 2008
Sub-total		29,650,000	12,000,000	17,650,000			
Total		99,650,000	12,000,000	87,650,000			

(d) Save as disclosed above, none of the directors and chief executives, or their associates, had any interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

Save as aforesaid, at no time during the Period was the Company or any of its subsidiaries or its holding companies a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 30th September, 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital.

Name of shareholder	Number of ordinary shares
Uni-Tech International Group Limited *(note)*	1,235,027,200
21CN Corporation *(note)*	1,235,027,200
Pollon Internet Corporation *(note)*	1,235,027,200
Ms. Chen Xiao Ying *(note)*	1,235,027,200
Road Shine Development Limited	600,000,000

Note: Uni-Tech International Group Limited, is a wholly owned subsidiary of 21CN Corporation, a subsidiary of Pollon Internet Corporation which is the ultimate holding company of the Company. Ms. Chen Xiao Ying has beneficial interests in these companies.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

None of the directors is aware of information which would reasonably indicate that the Company is not, or was not, for any part of the Period, in compliance with the Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited except that independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation at the annual general meeting in accordance with the Company's Bye- laws.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the Group's unaudited interim accounts for the six months ended 30th September, 2002. At the request of the Directors, the Group's external auditors have carried out a review of the unaudited interim financials in accordance with the Statement of Auditing Standards 700 issued by the Hong Kong Society of Accountants.

On behalf of the Board

Chen Xiao Ying
Executive Chairman

Hong Kong, 27th December, 2002

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2002

		Unaudited Six months ended 30th September,	
	Note	**2002**	2001
		HK$'000	HK$'000
Turnover	2	**3,410**	5,587
Direct cost		**(345)**	(1,769)
Gross profit		**3,065**	3,818
Other revenues		**65**	656
Administrative and other operating expenses		**(16,166)**	(27,546)
Gain on disposal of discontinued operation	3	**1,484**	—
Operating loss	4	**(11,552)**	(23,072)
Finance costs		**(864)**	(1,501)
Share of loss of an associated company		**—**	(1,376)
Loss before taxation		**(12,416)**	(25,949)
Taxation	5	**(194)**	—
Loss attributable to shareholders		**(12,610)**	(25,949)
Basic loss per share	6	**HK 0.41 cent**	HK 0.85 cent

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30TH SEPTEMBER, 2002

	Note	**Unaudited 30th September, 2002 HK$'000**	Audited 31st March, 2002 HK$'000
Fixed assets	7	**94,156**	106,273
Other non-current assets	8	**23,285**	7,264
Current assets			
Jointly controlled entities	9	**32,404**	32,025
Inventories		**—**	2,084
Trade and other receivables	10	**6,441**	3,694
Taxation recoverable		**189**	317
Bank balances and cash		**13,638**	20,115
		52,672	58,235
Current liabilities			
Trade and other payables	11	**17,191**	19,260
Loan from a related company		**4,755**	4,635
Taxation payable		**19**	19
Current portion of long term bank loans	13	**1,395**	1,535
		23,360	25,449
Net current assets		**29,312**	32,786
Total assets less current liabilities		**146,753**	146,323

	Note	Unaudited 30th September, 2002 HK$'000	Audited 31st March, 2002 HK$'000
Financed by:			
Share capital	12	**31,093**	30,593
Reserves		**89,463**	86,850
Shareholders' funds		**120,556**	117,443
Long term bank loans	13	**26,197**	28,880
		146,753	146,323

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2002

	Unaudited Six months ended 30th September, 2002 HK$'000	2001 HK$'000
Net cash outflow from operating activities	**(11,219)**	(25,751)
Net cash inflow from investing activities	**7,680**	19,352
Net cash outflow from financing	**(2,973)**	(26,559)
Decrease in cash and cash equivalents	**(6,512)**	(32,958)
Cash and cash equivalents at the beginning of the Period	**20,115**	61,271
Effect of foreign exchange rate changes	**35**	(1)
Cash and cash equivalents at the end of the Period	**13,638**	28,312
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**13,638**	28,312

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2002

	Unaudited						
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	General reserve HK$'000	Exchange translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1st April, 2002	**30,593**	**227,646**	**78,108**	**5,658**	**1,865**	**(226,427)**	**117,443**
Net gains or losses not recognised in the profit and loss account							
- Exchange differences	**—**	**—**	**—**	**—**	**1,096**	**—**	**1,096**
Issue of shares	**500**	**14,500**	**—**	**—**	**—**	**—**	**15,000**
Share issue expenses	**—**	**(373)**	**—**	**—**	**—**	**—**	**(373)**
Loss for the period	**—**	**—**	**—**	**—**	**—**	**(12,610)**	**(12,610)**
At 30th September, 2002	**31,093**	**241,773**	**78,108**	**5,658**	**2,961**	**(239,037)**	**120,556**

	Unaudited						
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	General reserve HK$'000	Exchange translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1st April, 2001	30,593	227,646	78,108	5,658	839	(149,027)	193,817
Net gains or losses not recognised in the profit and loss account							
- Exchange differences	—	—	—	—	(12)	—	(12)
Loss for the period	—	—	—	—	—	(25,949)	(25,949)
At 30th September, 2001	30,593	227,646	78,108	5,658	827	(174,976)	167,856

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation and accounting policies

These unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants ("HKSA") and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed interim financial statements should be read in conjunction with the 2001/2002 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual accounts for the year ended 31st March, 2002 except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1st January, 2002:

SSAP 1 (revised):	Presentation of financial statements
SSAP 11 (revised):	Foreign currency translation
SSAP 15 (revised):	Cash flow statements
SSAP 25 (revised):	Interim financial reporting
SSAP 33:	Discontinuing operations
SSAP 34:	Employee benefits

The changes to the Group's accounting policies and the effect of adopting these new or revised policies are set out below:

(a) SSAP 11 (revised): Foreign currency translation

The balance sheet of subsidiaries, jointly controlled entities and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

In prior periods, the profit and loss account of foreign enterprises was translated at closing rate. This is a change in accounting policy, however, the translation of the profit and loss account of foreign enterprises in prior periods has not been restated as the effect of the changes is not material to the current and prior periods.

(b) SSAP 34: Employees benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to a mandatory pension fund scheme (the "Scheme") which is available to all employees in Hong Kong. Contributions to the Scheme by the Group and employees are calculated as a percentage of employees' basic salaries. The Scheme cost charged to the profit and loss account represents contributions payable by the Group to the fund.

The assets of the Scheme are held separately from those of the Group in an independently administered fund.

2 Turnover and segmental information

The Group's major business segments and their corresponding countries of operation are summarised below:

Business segments	Countries of operation
Telecommunication and internet related business	Hong Kong
Property investment and holding	Hong Kong and Mainland China
Dairy farm operation	New Zealand

There are no sales or other transactions between the business and geographical segments.

(a) Primary reporting fromat - business segments

An analysis of the Group's turnover and results for the Period by business segments is as follows:

	Continuing Operations				Discontinued Operation			
	Property investment and holding 6 months ended 30th September,		Telecommunication and internet-related business 6 months ended 30th September,		Dairy farm operation 6 months ended 30th September,		Total 6 months ended 30th September,	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover	**3,161**	3,756	**—**	—	**249**	1,831	**3,410**	5,587
Segment results	**(3,817)**	1,741	**—**	—	**134**	1,318	**(3,683)**	3,059
Gain on disposal of discontinued operation							**1,484**	—
Other revenues							**65**	656
Unallocated expenses							**(9,418)**	(26,787)
Operating loss							**(11,552)**	(23,072)
Finance costs	**(839)**	(1,433)	**—**	—	**(25)**	(68)	**(864)**	(1,501)
Share of loss of an associated company	**—**	—	**—**	(1,376)	**—**	—	**—**	(1,376)
Loss before taxation	**—**	—	**—**	—	**—**	—	**(12,416)**	(25,949)
Taxation	**—**	—	**—**	—	**(194)**	—	**(194)**	—
Loss attributable to shareholders							**(12,610)**	(25,949)

(b) Secondary reporting format - geographical segments

An analysis of the Group's turnover and operating profit/(loss) for the Period by geographical segments is as follows:

	Turnover 6 months ended 30th September,		**Operating profit/(loss) 6 months ended 30th September,**	
	2002	2001	**2002**	2001
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**2,400**	3,091	**(12,078)**	(24,553)
Mainland China	**761**	665	**392**	163
New Zealand	**249**	1,831	**134**	1,318
	3,410	5,587	**(11,552)**	(23,072)

3 Gain on disposal of discontinued operation

On 1st November, 2001, the Group entered into a conditional sale and purchase agreement to dispose of the dairy farm business in New Zealand. The transaction was completed in July 2002 and the consideration was agreed at NZD2,881,000 (equivalent to HK$10,455,000).

4 Operating loss

Operating loss is stated after crediting and charging the following:

	6 months ended 30th September,	
	2002	2001
	HK$'000	HK$'000
Crediting		
Interest income	**65**	641
Dividend income	**—**	16
Charging		
Cost of inventories sold	**92**	400
Depreciation of fixed assets	**384**	426
Outgoings in respect of investment properties	**253**	1,369
Operating lease rental in respect of land and buildings	**701**	1,180
Provision for diminution in value of investment properties (note (7))	**6,500**	—
Staff costs	**4,895**	17,848

5 Taxation

	6 months ended 30th September,	
	2002	2001
	HK$'000	HK$'000
Overseas profits tax (note (a))	**194**	—

(a) Taxation on overseas profits has been calculated on the estimated assessable profit for the Period at rates of taxation prevailing in the countries in which the Group operates.

(b) No Hong Kong profits tax has been provided for the Period as there is no estimated assessable profits.

6 Basic loss per share

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK$12,610,000 (2001: HK$25,949,000) and the weighted average of 3,092,599,333 (2001: 3,059,266,000) ordinary shares in issue during the Period.

The outstanding share options of the Group do not result in any dilutive effect on the loss per share in respect of the six months ended 30th September, 2001 and 2002.

7 Fixed assets

	HK$'000
At 1st April, 2002	106,273
Provision for diminution in value of investment properties	(6,500)
Disposals	(5,618)
Depreciation	(384)
Exchange difference	385
At 30th September, 2002	94,156

Subsequent to the period end on 13th December, 2002, a provisional sale and purchase agreement was entered into with a third party to dispose of two investment properties (the "Properties") at an aggregate consideration of HK$55,500,000. As at 30th September, 2002, the net book value of the Properties totalled HK$62,000,000. The anticipated loss on disposal of the Properties in the amount of HK$6,500,000 has been charged to the profit and loss account for the six months ended 30th September, 2002.

8 Other non-current assets

	30th September, 2002 HK$'000	31st March, 2002 HK$'000
Deposit for an investment (note (a))	17,000	—
Investment in an associated company (note (b))	(883)	(883)
Investment securities	—	979
Other security	7,168	7,168
	23,285	7,264

(a) On 3rd April, 2002, the Group entered into an acquisition agreement with Mr. Chen Wen Xin (the "Vendor"), a brother of Ms. Chen Xiao Ying, who is the chairman and the ultimate controlling shareholder of the Company. Pursuant to the acquisition agreement, the Company acquired the entire issued share capital of Joy Heaven Inc. ("Joy Heaven") as well as the rights to a shareholder's loan made by the Vendor to Joy Heaven. The total consideration was HK$17 million, including cash payment of HK$2 million and the issue of 50,000,000 shares of the Company's shares at a price of HK$0.3 per share.

Certain subsidiaries of Joy Heaven Group are domestic limited companies, incorporated in the Mainland China, held under trust arrangement by certain domestic personnel on behalf of Joy Heaven Group. Joy Heaven Group is in the process of transferring these domestic limited companies into wholly foreign owned enterprises in the Mainland China (the "Transfer").

As at 30th September, 2002, the Transfer has not yet been completed and the consideration paid has been accounted for as a deposit for investment.

(b) On 17th July, 2002, the Board decided to reconsider the investment strategy in the associated company and withdraw its commitment for further investment which had been authorised in prior years. The Group has not shared any results of the associated company since 1st April, 2001.

9 Jointly controlled entities

(a) Interests in jointly controlled entities

	30th September, 2002 HK$'000	31st March, 2002 HK$'000
Share of net assets	40,277	40,277
Amount due to the jointly controlled entity	(7,873)	(8,252)
	32,404	32,025

Due to the change of business environment, all the joint venture partners unanimously agreed in March 2001 to terminate the investments in the jointly controlled entities.

The liquidation process of the jointly controlled entity, Beijing 21CN Liyang Internet Technology Service Company Limited, has been commenced in July 2002 and the amount of capital contributed by the Group will be refunded once the deregistration is completed.

(b) Deposits for investments in jointly controlled entities

	30th September, 2002 HK$'000	31st March, 2002 HK$'000
Deposits for the investments in jointly controlled entities	17,000	17,000
Provision	(17,000)	(17,000)
	—	—

The major shareholder of the Company, Uni-Tech International Group Limited, has provided a guarantee to the Company to reimburse any loss that the Group may suffer in respect of these deposits. The Company's directors had made a full provision against the deposits in prior year notwithstanding the guarantee provided by the major shareholder.

10 Trade and other receivables

Included in trade and other receivables are trade debtors and their ageing analysis is as follows:

	0 to 3 months HK$'000	**4 to 6 months** HK$'000	**7 to 9 months** HK$'000	**10 to 12 months** HK$'000	**Over 1 year** HK$'000	**Total** HK$'000
Balance at 30th September, 2002	244	35	33	52	362	726
Balance at 31st March, 2002	333	76	15	158	355	937

Rental receivables from tenants are granted credit terms of 1 month.

11 Trade and other payables

Included in trade and other payables are trade payables and their ageing analysis is as follows:

	0 to 3 months HK$'000	**4 to 6 months** HK$'000	**7 to 9 months** HK$'000	**10 to 12 months** HK$'000	**Over 1 year** HK$'000	**Total** HK$'000
Balance at 30th September, 2002	57	277	389	193	2,498	3,414
Balance at 31st March, 2002	305	296	272	434	1,774	3,081

12 Share capital

Authorised:	Ordinary shares of HK$0.01 each	
	Number of shares	HK$'000
At 31st March and 30th September, 2002	10,000,000,000	100,000

Issued and fully paid:	Ordinary shares of HK$0.01 each	
	Number of shares	HK$'000
At 1st April, 2002	3,059,266,000	30,593
Issue of shares	50,000,000	500
At 30th September, 2002	3,109,266,000	31,093

In May 2002, 50,000,000 ordinary shares of HK$0.01 each were issued at HK$0.30 each to a connected party as part of the consideration paid for the acquisition of 100% equity interest in Joy Heaven. Further details of the acquisition are set out in note 8(a).

13 Bank loans

	30th September, 2002	**31st March, 2002**
	HK$'000	HK$'000
Bank loans - secured	**27,592**	30,415
Less: Current portion of long term bank loans	**(1,395)**	(1,535)
	26,197	28,880

At 30th September, 2002, the Group's bank loans were repayable as follows:

	30th September, 2002 HK$'000	31st March, 2002 HK$'000
Within one year	**1,395**	1,535
In the second year	**1,469**	1,512
In the third to fifth year inclusive	**4,885**	5,090
After the fifth year	**19,843**	22,278
	27,592	30,415

The bank loan is secured by two leasehold land and buildings with net realisable value of HK$55,500,000 situated in Hong Kong. The pledged leasehold land and buildings will be sold subsequent to the period end and the securities will be released after the disposal.

14 Future operating lease receivables

At 30th September, 2002, the Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of investment properties as follows:

	30th September, 2002 HK$'000	31st March, 2002 HK$'000
Not later than one year	**4,746**	3,413
Later than one year and not later than five years	**1,988**	1,558
	6,734	4,971

The Group's operating leases are for terms ranging from one to three years.

15 Contingent liabilities

	30th September, 2002 HK$'000	31st March, 2002 HK$'000
Guarantees given in lieu of utility deposits	**200**	200

16 Related party transactions

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

	6 months ended 30th September, 2002 HK$'000	2001 HK$'000
Interest expense paid to a related company	**120**	153

The loan from a related company, Planetic International Limited, is interest bearing at prime rate plus 2% per annum. Planetic International Limited is a subsidiary of Easyknit International Holdings Limited in which a shareholder of the Company has beneficial interest.

17 Litigation

In respect of the claims from Wai Fung Plaza Limited and Kadoorie Estate Limited for damages resulted from breaches of terms of the operating lease agreements between the Group and the respective parties, no further actions had been taken by the claimants during the period. The directors considered that the provisions as at 30th September, 2002 of HK$4.6 million and HK$2.2 million made in prior years in the respective cases are adequate and no further provision is required.