

I am pleased to present the 2003 Annual Report and the audited accounts for the year ended 31st March, 2003 of 21CN CyberNet Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group").

### REVIEW OF OPERATIONS

2002/2003 was a tough year for many businesses in view of the global economic and political uncertainties. In this moribund economy, the Group successfully retained much of our resources and positioned ourselves for future development through the implementation of a tight cost control policy and the admission of Road Shine Developments Limited ("Road Shine"), an affiliate of Beijing-based China International Trust and Investment Corporation ("CITIC"), as a significant strategic shareholder. We had tried our best to realise the non-monetary assets, reduce bank borrowings and identify potential investment projects for the Group. Our financial position as at 31st March, 2003 is strong with cash and bank balances of HK\$75 million and no outstanding bank borrowings.

### MANAGEMENT TEAM

During the year, Road Shine became the second largest shareholder of the Group and four executive directors and one independent non-executive director were appointed. With the introduction of the new shareholder and the appointment of the new directors, the corporate governance of the Company will be further strengthened while the business network have been further expanded particularly as all the new directors have profound experience in the People's Republic of China ("PRC") market.

### PROSPECTS AND OUTLOOK

The PRC market is widely recognised currently as one of the world's most dynamic economies. Ample business opportunities abound with the successful accession of the PRC into the World Trade Organisation and the continuing strong growth of its economy. The directors and management of the Company believe firmly that we are well equipped with adequate financial resources, expertise and network to capitalise on the business opportunities in the PRC market as well as to meet any challenges which may arise. The Group will focus its effort on finding good quality assets for investment particularly those in the telecommunications and internet related industries in the PRC. The directors and management realise the importance of achieving profitability for the Group and will focus their effort on realising profitable business opportunities for the Group in the PRC which will ultimately improve the returns to shareholders.

### ACKNOWLEDGEMENT

On behalf of the board of directors, I would like to take this opportunity to express my sincere gratitude to all our shareholders for their continuous support, my fellow directors for their valued services and our devoted colleagues for their support and encouragement in the past year. With full commitment and dedicated effort from everyone, we are confident of the Group's future success.

**Chen Xiao Ying**

*Executive Chairman*

Hong Kong, 11th July, 2003