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XIN NET CORP  
Form 10QSB  
May 21, 2003

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-QSB

Quarterly Report Pursuant to Section 13 or 15(d) of

The Securities Exchange Act of 1934

For the quarterly period ended: March 31, 2003

Commission file number 0-26559

CIK No. 0001082603

XIN NET CORP.

(Exact name of registrant as specified in this charter)

Florida

330-751560

-----  
(State of other jurisdiction  
of incorporation or organization)

-----  
(I.R.S. Employer  
Identification No.)

#950 - 789 West Pender Street, Vancouver, B.C. Canada V6C 1H2

-----  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (604) 632-9638

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for at least the past 90 days.

YES X NO  
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As of March 31, 2003, there were 41,360,010 shares of \$0.001 par value common stock outstanding.

PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

XIN NET CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2003 AND DECEMBER 31, 2002

Stated in U.S. dollars

March 31,  
2003

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ASSETS			
Current Assets			
Cash and Cash Equivalents	\$	1,274,108	\$
Investments		-	
Prepaid Expenses and Other Current Assets		20,785	
Assets to be disposed of		2,696,501	
Net Assets of Discontinued Operations		293,420	
		-----	-----
Total Current Assets		4,284,814	
Investment - at equity		293,204	
Property and Equipment, Net		11,036	
Goodwill		127,124	
		-----	-----
Total Assets	\$	4,716,178	\$
		=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts Payable and Other Accrued Liabilities	\$	211,911	\$
Deferred Revenue		-	
Liabilities to be disposed of		3,706,778	
Security deposit from Sino-i.com Ltd.		362,430	
		-----	-----
		4,281,119	
Commitments and Contingencies		-	
Stockholders' Equity			
Common Stock : \$0.001 Par Value			
Authorized : 50,000,000			
Issued and Outstanding : 41,360,010 (2002: 41,360,010)		41,360	
Additional Paid In Capital		8,194,045	
Accumulated Deficit		(7,658,939)	
Accumulated Other Comprehensive Loss		(141,407)	
		-----	-----
Total Stockholders' Equity		435,059	
		-----	-----
Total Liabilities and Stockholders' Equity	\$	4,716,178	\$
		=====	=====

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XIN NET CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2003 AND 2002

Stated in U.S. dollars

2003



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Balance, December 31, 2000	21,360,010	21,360	7,214,045	(4,926,
Net loss				(1,510,
Translation Adjustments				
Balance, December 31, 2001	21,360,010	21,360	7,214,045	(6,437,
Private placement for cash at \$0.05 per share in October 2002	20,000,000	20,000	980,000	
Net loss				(907,
Translation Adjustments				
Balance, December 31, 2002	41,360,010	41,360	8,194,045	(7,345,
Net loss				(313,
Translation Adjustments				
Balance, March 31, 2003	41,360,010	\$ 41,360	\$ 8,194,045	\$ (7,658,

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XIN NET CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2003 AND 2002

Stated in U.S. dollars	2003
Cash flows from operating activities	
Net loss	\$ (313,588)
Adjustments to reconcile net loss to net cash	
Provided by (Used in) operating activities	
Depreciation and amortization	61,786
Loss on disposal of capital assets	7,103
Translation adjustments	7,252
Equity (income) loss of The Link Group, Inc.	26,396
Changes in assets and liabilities	
Increase in prepaid expenses and other current assets	(245,684)
Increase in inventory	(104)
Increase in deferred costs	(161,682)
Increase (Decrease) in accounts payable	559,016
Increase (Decrease) in deferred revenue	182,908
Increase in security deposits	362,430
Net cash provided by (used in) operating activities	485,833
Cash flows from investing activities	
Purchases of property and equipment	(19,264)
Reduction in investment	1,266
Reduction in loan to ProtectServe Pacific Ltd.	-

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Investment in The Link Group, Inc.	-
Net cash flows used in investing activities	(17,998)
Cash flows from financing activities	-
Principal payments on capital lease obligations	-
Net cash flows used in financing activities	-
Increase (Decrease) in cash and cash equivalents	467,835
Cash and cash equivalents - beginning of period	1,694,649
Cash and cash equivalents - end of period	\$ 2,162,484
Supplemental Information :	
Cash paid for :	
Interest	\$ 3,655
Income taxes	8,701

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XIN NET CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2003

( Unaudited )

1. Basis of Presentation

The accompanying unaudited financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America. However, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted or condensed pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). In the opinion of management, all adjustments of a normal recurring nature necessary for a fair presentation have been included. The results for interim periods are not necessarily indicative of results for the entire year. These condensed consolidated financial statements and accompanying notes should be read in conjunction with the Company's annual consolidated financial statements and the notes thereto for the fiscal year ended December 31, 2002 included in its Annual Report on Form 10-KSB.

The unaudited condensed consolidated financial statements include Xin Net Corp. and its subsidiaries. Significant inter-company transactions and accounts have been eliminated.

2. Property and Equipment

Property and equipment consists of the following:

March 31, 2003	December
-----	-----

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Equipment	\$	20,684	\$
Library		9,146	
Furniture		9,877	
		-----	
Total		39,707	
Less : Accumulated depreciation		(28,671)	
		-----	
Net book value	\$	11,036	\$
		=====	

The depreciation expense charged to continuing operations for the three-month period ended March 31, 2003 was \$1,539.

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XIN NET CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2003

( Unaudited )

3. Investment in The Link Group, Inc. ("Link")

Pursuant to a Share Exchange Agreement dated December 20, 2001, the Company paid \$200,000 cash for 3,882,700 shares of The Link Group, Inc. ("Link").

Pursuant to a Subscription Agreement dated January 18, 2002, the Company paid \$600,300 in a private placement of Link for 14,500,000 (pre-reverse one for four split) common shares at \$0.0414 per share, as well as 10,875,000 special warrants convertible into 10,875,000 post-reverse one for four split common shares on or before January 31, 2004 at no additional consideration. The Company exercised the 10,875,000 special warrants on March 12, 2002. An option to purchase an additional 7,500,000 post-reverse one for four split common shares at \$0.04 per share, or \$300,000, until February 15, 2002, was also granted to the Company, which was not exercised.

By an agreement dated January 21, 2002, Link agreed to purchase all of the outstanding shares of Protectserve Pacific Ltd. ("PSP") through the issuance of 37,500,000 (post-reverse one for four split) common shares. Link has the right to buy back its shares at \$0.001 per share from these individuals if PSP's after tax profit is less than Hong Kong \$9 million dollars ("HKD") for the twelve months ending December 31, 2002. The buy back formula is for every HKD \$333,333 that PSP falls short of the HKD \$9 million after tax profit, Link can buy back one million (post-reverse one for four split) common shares from these individuals.

On February 18, 2002, the shareholders of Link approved the reverse split of the issued and outstanding common shares of Link at the ratio of one for four, thereby making the Company's total Link shares held equal to 15,370,675 shares, representing 28.8% of the total issued and outstanding shares of Link. On October 14, 2002, Link cancelled 8,300,000 outstanding common shares as part of the consideration of the disposition of its subsidiary company and thereafter the Company's holding in Link correspondingly increases to 34.1%. On March 21, 2003, Link issued 17,500,000 common shares and cancelled 14,000,000 common shares and thereafter the Company's holding in Link correspondingly changes to 32.32%. The Company accounted for its investment in Link on the equity basis,

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which is carried at cost, adjusted for the Company's proportionate share of their undistributed earnings or losses as follow at March 31, 2003:

Original cost of 15,370,675 shares of The Link Group, Inc.	\$	800,300
Equity in undistributed earnings of investee company		(507,096)
		-----
Investment - at equity	\$	293,204
		=====

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XIN NET CORP. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 March 31, 2003

( Unaudited )

4. Assets Held For Sale

On February 26, 2003, the Company entered into an agreement to sell the internet-related services provided in China to a subsidiary company of Sino-i.com Ltd., a company listed on the Hong Kong Stock Exchange for a total consideration of RMB 20 million (approximately US\$2,500,000). The transaction is subject to the approval of shareholders. The Company has received RMB 3,000,000 (approximately US\$362,430) as a security deposit for the transaction on January 25, 2003. The decision to sell was due to the lack of funding and high competition in the market.

Assets to be disposed of comprise the following:

		3/31/2003		1
		-----		-----
Cash and cash equivalents	\$	888,376	\$	
Other current assets		435,400		
Deferred costs		949,266		
Property and equipment		423,459		
		-----		-----
Assets held for sale	\$	2,696,501	\$	
		=====		=====

Liabilities to be disposed of comprise the following:

		3/31/2003		12/
		-----		-----
Accounts payable and other accrued liabilities	\$	(1,080,475)	\$	
Deferred revenue		(2,126,303)		(1
Security deposit		(500,000)		
		-----		-----

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Liabilities held for sale	\$ (3,706,778)	\$ (3
	=====	=====

Results of operations for the assets held for sale, which are included in discontinued operations, for the quarter ended March 31, 2003 and 2002 are as follows:

	2003	
	-----	-----
Revenue	\$ 1,079,846	\$
Operating Costs	1,312,864	
	-----	-----
Net Loss	(233,018)	
	=====	=====

The gain or loss on disposal of the assets held for sale cannot be quantified as the Company has to maintain the internet-related business operations until the approval on its disposition is obtained from the shareholders.

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XIN NET CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2003

( Unaudited )

5. Basic and Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share are computed by dividing net earnings (loss) available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net earnings available to common stockholders by the weighted-average number of common shares outstanding during the period increased to include the number of additional common shares that would have been outstanding if potentially dilutive common shares had been issued.

The following table sets forth the computations of shares and net loss used in the calculation of basic and diluted loss per share for the three-month period ended March 31, 2003:

		Three months ended	
		3/31/2003	3/31/2002
		-----	-----
Loss from continuing operations	\$	(80,570)	\$ (39,245)
Loss from discontinued operations		(233,018)	(69,286)
		-----	-----
Net loss for the period		(313,588)	(108,531)
Weighted-average shares outstanding		41,360,010	21,360,010
Effect of dilutive securities :			



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Dilutive options - \$1.30	-	-
Dilutive warrants - \$1.00	-	-
Dilutive warrants - \$1.50	-	-
Dilutive potential common shares	-	-
Adjusted weighted-average shares And assumed conversions	41,360,010	21,360,010
Loss per share attributable to common shareholders:		
Loss from continuing operations	(0.00)	(0.00)
Loss from discontinued operations	(0.01)	(0.01)
Total basic and diluted loss per share	\$ (0.01)	\$ (0.01)

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XIN NET CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2003

( Unaudited )

5. Basic and Diluted Loss Per Share - Continued

The effect of outstanding options and warrants was not included as the effect would be antidilutive.

6. Total Amount Advanced to Joint Venture

As at March 31, 2003, the total amount advanced to the joint venture project is \$3,212,205.

7. Segment and Geographic Data

The Company's reportable segments are geographic areas that provide internet-related services and products to the Chinese markets. Summarized financial information concerning the Company's reportable segments is shown in the following table. The "Other" column includes corporate related items, and, as it relates to segment profit (loss), income and expenses not allocated to reportable segments.

	China	Canada	Other
--	-------	--------	-------

For the three months ended March 31, 2003

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Revenue from continuing operations	\$	-	\$	65,350	\$	-\$
Operating loss		(786)		(49,332)		(10,055)
Total Assets		3,825,596		33,647		856,935
For the three months ended March 31, 2002						
Revenue from continuing operations	\$	-	\$	-	\$	-
Operating Loss		(513)		(5,309)		(58,412)
Total Assets		2,553,326		6,763		1,005,778

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XIN NET CORP. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 March 31, 2003

( Unaudited )

### 8. Subsequent Events

On April 1, 2003, the Company extended its outstanding 5,884,990 million Series "A" Share Purchase Warrants as follows:

- (i) the exercise price of the Series "A" Share Purchase Warrants is adjusted to \$0.50 each and their term is extended to March 31, 2005;
- (ii) upon exercise of one Series "A" Share Purchase Warrants at \$0.50, the holder will receive one common share of the company and one Series "B" Share Purchase Warrant; and
- (iii) the exercise price of the Series "B" Share Purchase Warrants is adjusted to \$0.75 each and their term is extended to March 31, 2006;
- (iv) upon exercise of one Series "B" Share Purchase Warrant at \$0.75, the holder will receive one common share of the Company.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS

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### OF OPERATIONS

The information presented here should be read in conjunction with Xin Net Corp.'s consolidated financial statements and related notes. In addition to historical information, the following discussion and other parts of this document contain certain forward-looking information. When used in this discussion, the words "believes," "anticipates," "expects," and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those projected due to a number of factors beyond the Company's control. The Company does not undertake to publicly update or revise any of its forward-looking statements even if experience or future changes show that the indicated results or events will not be realized. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Readers are also urged to carefully review and consider the Company's discussions regarding the various factors, which affect its business, included in this section and elsewhere in this report.

### RESULTS OF OPERATIONS FOR THE QUARTER ENDED MARCH 31, 2003 COMPARED TO THE SAME PERIOD IN 2002.

The Company had \$65,350 in revenue in the period in 2003 from educational services, which division it acquired in early 2003. The Company discontinued operations in China for its domain name registration service within its Infonet subsidiary, since it has been sold, and results of 2002 revenues (now discontinued) for the period have been omitted.

The Company incurred expenses in the quarter totalling \$125,523 in 2003 compared to \$64,234 in 2002. These expenses were those of the registrant (in 2002), not of the discontinued operations in China. The largest components of expenses were consulting and professional of \$20,930 in 2003 and \$34,768 in 2002, wages, salaries, and benefits of \$52,919 in 2003 compared to \$6,901 in 2002, general and administrative of \$12,174 in 2003 and \$18,921 in 2002, rent of \$18,549 in 2003 and \$2,525 in 2002, foreign exchange loss of \$9,641 in 2003 and \$565 in 2002, and depreciation of \$1,548 in 2003 and \$554 in 2002.

The Company had other income of \$5,995 in the period in 2003 compared to none in 2002. The Company had a loss of (\$26,396) in 2003 and a gain of \$24,352 in 2002 for equity income (loss) in undistributed earnings of investee company.

The loss from continuing operations was (\$80,570) in 2003 in the period compared to (\$39,245) in 2002. The loss from discontinued operations was (\$233,018) in the period in 2003 and (\$69,286) in 2002. Total net loss was (\$313,588) in the quarter in 2003 compared to (\$108,531) in the same quarter in 2002. The loss per share was nominal in 2003 and 2002 on continuing operations. The loss per share was (\$.01) in 2003 and 2002 in the quarter, on discontinued operations.

### LIQUIDITY AND CAPITAL RESOURCES

The Company had net cash, accrued interest, receivables and investments of \$1,274,108 at March 31, 2003.

The Company has no other capital resources other than the ability to use its common stock to achieve additional capital raising. It did not raise any additional capital during the first quarter of 2003. It has equipment of \$11,036 on the books, which is not necessarily liquid at such value. It has an investment in The Link Group, Inc. valued at \$293,204. Other than cash capital, its other assets would be illiquid.

At the end of the quarter, it had \$4,716,178 in current assets, of which \$2,696,501 represented "Assets to be disposed of," and current liabilities of

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\$4,281,119, primarily consisting of "Liabilities to be disposed of," (\$3,706,778) and a security deposit (\$362,430) received from Sino-i.com, Ltd. in connection with the sale of its Internet Access Provision business in February 2003. Current assets also included "Net assets of Discontinued Operations," representing net assets disposed of in the sale of its ISP operations in the PRC in per an agreement dated June 22, 2001. (The Company is experiencing some delays in obtaining new funding; it plans to close the sale of its Internet Access Provision services when this issue is resolved).

### Changes in Financial Condition:

The cash capital at the end of the quarter of \$1,274,108 will be used to fund continued operations, which management believes is adequate to satisfy its cash requirements for at least the next twelve months. The trend of operating losses could continue due to costs of equipment, design of new value-added services, start up operations for new locations and advertising & marketing which precede development of additional revenue for the Company.

Net cash flows used in operating activities decreased to \$485,833 in the first quarter in 2003 from (\$173,097) in the corresponding quarter in 2002. Net cash flow used in investing activities decreased to (\$17,998) in first quarter 2003 as compared (\$288,534) in the first quarter of 2002. Net cash flow used in financing activities was \$0 in first quarter of 2003 compared to (\$15,056) in first quarter 2002.

The positive changes resulted from the sale of its operations in China and the achievement of a private placement of stock for \$1,000,000 in late 2002.

### Need for Additional Financing:

The Company believes it has sufficient capital to meet its short-term cash needs, including the costs of compliance with the continuing reporting requirements of the Securities Exchange Act of 1934. But if losses continue it may have to seek loans or equity placements to cover longer term cash needs to continue operations and expansion.

No commitments to provide additional funds have been made by management or other stockholders. Accordingly, there can be no assurance that any additional funds will be available to the Company to allow it to cover operations expenses.

If future revenue declines, or operations are unprofitable, it will be forced to develop another line of business, or to finance its operations through the sale of assets it has, or enter into the sale of stock for additional capital, none of which may be feasible when needed. The Company has no specific management ability, nor financial resources or plans to enter any other business as of this date.

From the aspect of whether it can continue toward the business goal of maintaining and expanding the joint venture for internet services in China, it may use all of its available capital without generating a profit.

The effects of inflation have not had a material impact on its operation, nor is it expected to in the immediate future.

Although the Company is unaware of any major seasonal aspect that would have a material effect on the financial condition or results of operation, the first quarter of each fiscal year is always a financial concern. It is not uncommon for companies to shut down their operation or operate on a skeletal crew during the Chinese New Year holiday. Therefore in effect, the first quarter

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really has only two months for generating revenue, as it relates to the results of operations for the internet-related services provided in China, and shown in the statement of operations in the caption "loss from discontinued operations."

### Market Risk:

The Company's investments in The Link Group, Inc. will be subject to market volatility. It does not hold any derivatives or other investments that are subject to market risk. The carrying values of any financial instruments, approximate fair value as of those dates because of the relatively short-term maturity of these instruments which eliminates any potential market risk associated with such instruments.

### Future Trends:

The Company will continue its cost-saving measures and ongoing efforts to increase revenues in order to achieve profitability. However the Company cannot assure that any profit on revenues can occur in the future. It may have to continue to advertise and promote its business. Operating losses may continue. If the Company acquires additional capital, for example through sale of stock in private placements or through investors exercising warrants, it may be able to advertise and promote its services more aggressively and expand its business more rapidly.

## PART II

### OTHER INFORMATION

- Item 1. Legal Proceedings - None.
- Item 2. Changes in securities - None.
- Item 3. Defaults upon senior securities - None.
- Item 4. Submission of matters to a vote of security holders - None.
- Item 5. Other information - None.
- Item 6. Exhibits and reports on Form 8-K

(a) The following are filed as Exhibits to this Quarterly Report. The numbers refer to the Exhibit Table of Item 601 of Regulation S-K:

None.

(b) Reports on Form 8-K filed during the three months ended March 31, 2003. (incorporated by reference)

8-K filed 1-23-03

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## Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned thereunto duly authorized.

Dated: May 20, 2003

XIN NET CORP.

by: /s/ Ernest Cheung

-----  
Ernest Cheung, Secretary/Director

## CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT

I, Angela Du, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Xin Net Corp.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal controls

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which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 20, 2003

/s/ Angela Du

-----  
Angela Du, President, CEO

CERTIFICATION PURSUANT TO SECTION  
302 OF THE SARBANES OXLEY ACT

I, Ernest Cheung, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Xin Net Corp.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our

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most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 20, 2003

/s/ Ernest Cheung

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Ernest Cheung, CFO