

chinadotcom corporation
Pro forma Consolidated Statements of Operations

	Quarter Ended Sep 30, 2001 (Pro forma*) (US\$'000)	Quarter Ended Jun 30, 2001 (Pro forma*) (US\$'000)
Revenues		
e-business Solutions	\$ 9,157	\$ 8,652
Advertising	5,621	6,420
Other income	2,530	2,430
	<u>17,308</u>	<u>17,502</u>
Cost of revenues		
e-business Solutions	(6,161)	(6,564)
Advertising	(3,701)	(4,169)
Others	(1,506)	(1,464)
	<u>(11,368)</u>	<u>(12,197)</u>
Gross margin	<u>5,940</u>	<u>5,305</u>
Selling, general and administrative expenses	(16,278)	(20,219)
Depreciation and amortization	(4,926)	(8,375)
Stock compensation expenses	(181)	(671)
	<u>(21,385)</u>	<u>(29,265)</u>
Operating loss	(15,445)	(23,960)
Interest income	6,200	5,703
Interest expenses	(118)	(260)
Equity in losses of equity investees	(174)	(93)
	<u>(15,445)</u>	<u>(23,960)</u>
Loss before income taxes	(9,537)	(18,610)
Income taxes (expenses) benefits	(38)	17
	<u>(9,575)</u>	<u>(18,593)</u>
Loss before minority interests	(9,575)	(18,593)
Minority interests in losses of consolidated subsidiaries	481	1,643
Net loss	<u>\$ (9,094)</u>	<u>\$ (16,950)</u>

* The above pro forma consolidated statements of operations exclude related cost for services provided to China Internet Corporation Limited in connection with the AOL-branded services in Hong Kong and the following non-recurring expenses:

- (1) Impairment of goodwill and intangible assets
- (2) Gain/loss on disposal of subsidiaries, available-for-sale securities and cost investments
- (3) Other non-operating gains/losses
- (4) Impairment of cost investments and available-for-sale securities
- (5) Impairment of investments in equity investees
- (6) Restructuring costs, other one off promotional item and rebranding costs
- (7) Profits and losses of material subsidiaries disposed

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Consolidated Statements of Operations

	Quarter Ended Sep 30, 2001 (Unaudited) (US\$'000)	Quarter Ended Jun 30, 2001 (Unaudited) (US\$'000)
Revenues		
e-business Solutions	\$ 9,157	\$ 9,326
Advertising	5,621	6,463
Other income	2,530	2,430
	<u>17,308</u>	<u>18,219</u>
Cost of revenues		
e-business Solutions	(6,161)	(7,022)
Advertising	(3,701)	(4,160)
Others	(1,506)	(1,464)
	<u>(11,368)</u>	<u>(12,646)</u>
Gross margin	<u>5,940</u>	<u>5,573</u>
Selling, general and administrative expenses (a)	(21,845)	(28,990)
Depreciation and amortization	(4,926)	(8,375)
Impairment of goodwill and intangible assets	(8,661)	(20,802)
Stock compensation expenses	(181)	(671)
	<u>(35,613)</u>	<u>(58,838)</u>
Operating loss	(29,673)	(53,265)
Interest income	6,200	5,703
Interest expenses	(118)	(260)
Profit (loss) on disposal of subsidiaries, available-for-sale securities and cost investments	3,843	(3,702)
Other non-operating losses	(670)	(517)
Impairment of cost investments and available-for-sale securities	(4,653)	(7,672)
Equity in losses of equity investees	(174)	(649)
	<u>(25,245)</u>	<u>(60,362)</u>
Loss before income taxes	(25,245)	(60,362)
Income taxes (expenses) benefits	(38)	17
	<u>(25,283)</u>	<u>(60,345)</u>
Loss before minority interests	(25,283)	(60,345)
Minority interests in losses of consolidated subsidiaries	481	1,643
Net loss	<u>\$ (24,802)</u>	<u>\$ (58,702)</u>
(a) Selling, general and administrative expenses to/for related parties	91	3,859

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Consolidated Balance Sheets

	Sep 30, 2001	Jun 30, 2001
	(Unaudited)	(Unaudited)
	(US\$'000)	(US\$'000)
Assets		
Current assets:		
Cash and cash equivalents	\$ 71,101	\$ 76,307
Accounts receivable	16,649	16,364
Deposits, prepayments and other receivables	22,879	31,254
Debt securities available for sale	375,006	195,436
Due from related companies	4,000	4,000
Total current assets	489,635	323,361
Fixed assets	26,802	30,419
Goodwill	6,699	15,910
Investments in equity investees	4,402	4,579
Investments	3,194	3,710
Debt securities available for sale	14,000	125,601
Available-for-sale equity securities	5,209	8,795
Other assets	2,642	3,198
Total assets	\$ 552,583	\$ 515,573
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 14,319	\$ 12,900
Other payables	10,307	10,599
Accrued liabilities	15,674	15,046
Bank loans	58,636	4,345
Deferred revenue	1,358	1,462
Taxation	593	647
Due to a related company	1,815	602
Total current liabilities	102,702	45,601
Minority interests	37,881	36,038
Shareholders' equity:		
Share capital	25	25
Additional paid-in capital	613,862	613,862
Accumulated other comprehensive income	1,332	(1,536)
Retained earnings (deficit)	(203,219)	(178,417)
Total shareholders' equity	412,000	433,934
Total liabilities and shareholders' equity	\$ 552,583	\$ 515,573