

chinadotcom corporation
Consolidated Statements of Operations
(Amounts in thousands of U.S. dollars, except per share data)

	Quarter Ended Jun 30, 2002 (Unaudited)	Quarter Ended Mar 31, 2002 (Unaudited)
Revenues		
e-business Solutions	\$ 6,034	\$ 7,645
Advertising	7,144	6,845
Sale of IT products	1,369	1,216
Other income	681	713
	<u>15,228</u>	<u>16,419</u>
Cost of revenues		
e-business Solutions	(3,553)	(4,917)
Advertising	(5,756)	(4,751)
Sale of IT products	(700)	(779)
Others	(264)	(197)
	<u>(10,273)</u>	<u>(10,644)</u>
Gross margin	<u>4,955</u>	<u>5,775</u>
Selling, general and administrative expenses (a)	(11,106)	(12,412)
Depreciation expense	(3,438)	(3,509)
Amortization of goodwill and intangible assets	(579)	(212)
Impairment of goodwill and intangible assets	(965)	-
Stock compensation expense	(84)	(97)
	<u>(16,172)</u>	<u>(16,230)</u>
Operating loss	(11,217)	(10,455)
Interest income	7,385	7,417
Interest expense	(757)	(758)
Loss on disposal of available-for-sale securities	(2,602)	(1,227)
Other non-operating gains (losses)	293	(204)
Impairment of available-for-sale securities	(1,826)	(3,525)
Share of (losses) income in equity investees	(69)	230
	<u>(8,793)</u>	<u>(8,522)</u>
Loss before income taxes	(8,793)	(8,522)
Income taxes benefits (expenses)	2	(59)
	<u>(8,791)</u>	<u>(8,581)</u>
Loss before minority interests	(8,791)	(8,581)
Minority interests in losses of consolidated subsidiaries	752	559
Net loss	<u>\$ (8,039)</u>	<u>\$ (8,022)</u>
Basic and diluted loss per share #	<u>(0.08)</u>	<u>(0.08)</u>

The computation of diluted loss per share did not assume the conversion of the stock options and the warrants of the Company during the quarter because their inclusion would have been antidilutive.

(a) Selling, general and administrative expenses to/for related parties

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chinadotcom corporation
Pro forma Consolidated Statements of Operations
(Amounts in thousands of U.S. dollars, except per share data)

	Quarter Ended Jun 30, 2002 (Pro forma*)	Quarter Ended Mar 31, 2002 (Pro forma*)
Revenues		
e-business Solutions	\$ 6,034	\$ 7,645
Advertising	7,144	6,845
Sale of IT products	1,369	1,216
Other income	681	713
	<u>15,228</u>	<u>16,419</u>
Cost of revenues		
e-business Solutions	(3,553)	(4,917)
Advertising	(5,756)	(4,751)
Sale of IT products	(700)	(779)
Others	(264)	(197)
	<u>(10,273)</u>	<u>(10,644)</u>
Gross margin	<u>4,955</u>	<u>5,775</u>
Selling, general and administrative expenses	(10,763)	(11,068)
Depreciation expense	(3,438)	(3,509)
Amortization of goodwill and intangible assets	(579)	(212)
Stock compensation expense	(84)	(97)
	<u>(14,864)</u>	<u>(14,886)</u>
Operating loss	(9,909)	(9,111)
Interest income	7,385	7,417
Interest expense	(757)	(758)
Share of (losses) income in equity investees	(69)	230
	<u>(3,350)</u>	<u>(2,222)</u>
Loss before income taxes	(3,350)	(2,222)
Income taxes benefits (expenses)	2	(59)
	<u>(3,348)</u>	<u>(2,281)</u>
Loss before minority interests	(3,348)	(2,281)
Minority interests in loss of consolidated subsidiaries	752	559
Net loss	<u>\$ (2,596)</u>	<u>\$ (1,722)</u>
Basic and diluted loss per share #	<u>(0.03)</u>	<u>(0.02)</u>

The computation of diluted loss per share did not assume the conversion of the stock options and the warrants of the Company during the quarter because their inclusion would have been antidilutive.

* The above pro forma consolidated statements of operations exclude the following non-recurring expenses:

- (1) Impairment of goodwill and intangible assets
- (2) Gain/loss on disposal of available-for-sale securities
- (3) Other non-operating gains/losses
- (4) Impairment of available-for-sale securities
- (5) Restructuring costs and other one off items

chinadotcom corporation
Consolidated Balance Sheets

	Jun 30, 2002	Mar 31, 2002
	(Unaudited)	(Unaudited)
	(US\$'000)	(US\$'000)
Assets		
Current assets:		
Cash and cash equivalents	\$ 107,257	\$ 34,053
Restricted cash	282	74
Accounts receivable	18,061	20,357
Deposits, prepayments and other receivables	10,703	10,511
Available-for-sale debt securities	236,529	291,454
Restricted debt securities	65,682	138,383
Total current assets	438,514	494,832
Property, plant and equipment, net	14,207	16,820
Goodwill	8,929	11,873
Intangible assets	19,589	16,891
Investments in equity investees	142	2,778
Investments under cost method	279	270
Available-for-sale debt securities	19,800	20,000
Available-for-sale equity securities	1,974	1,932
Other assets	2,545	2,244
Total assets	\$ 505,979	\$ 567,640
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 14,365	\$ 13,727
Other payables	10,730	12,897
Accrued liabilities	10,467	12,445
Bank loans	52,282	113,294
Deferred revenue	1,033	930
Tax payable	594	747
Total current liabilities	89,471	154,040
Long term bank loans, net of current portion	1,441	1,473
Other payables, net of current portion	2,860	2,860
Minority interests	35,950	35,960
Shareholders' equity:		
Share capital	26	26
Additional paid-in capital	614,122	614,007
Treasury stocks	(5,530)	(4,422)
Accumulated other comprehensive income	(114)	(12,096)
Accumulated deficits	(232,247)	(224,208)
Total shareholders' equity	376,257	373,307
Total liabilities and shareholders' equity	\$ 505,979	\$ 567,640