

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

	Year ended December 31, 2001 <u>(audited)</u>	Year ended December 31, 2002 <u>(unaudited)</u>
Revenues		
e-business solutions	32,591	23,003
Advertising	21,404	28,250
Sale of IT products	4,580	4,631
Other income	5,899	3,418
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	64,474	59,302
 Cost of revenues		
e-business solutions	(21,922)	(14,022)
Advertising	(13,508)	(20,045)
Sale of IT products	(3,466)	(3,306)
Other income	(2,010)	(1,484)
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	(40,906)	(38,857)
 Gross margin	23,568	20,445
 Selling, general and administrative expenses	(87,865)	(37,963)
Depreciation and amortization expenses	(27,388)	(11,860)
Impairment of goodwill and intangible assets	(40,698)	-
Stock compensation expense	(1,227)	(309)
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Operating loss	(133,610)	(29,687)
 Interest income	26,809	23,927
Interest expense	(1,474)	(2,629)
Loss arising from share issuance of a subsidiary	(55)	-
Gain/(loss) on disposal of available-for-sale securities	4,411	(158)
Loss on disposal of subsidiaries and investments	(1,933)	(117)
Other non-operating gains	-	1,173
Other non-operating losses	(1,321)	(288)
Impairment of cost investments and marketable securities	(12,260)	(5,351)
Share of (losses)/income in equity investees	(2,592)	682
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Loss before income taxes	(122,025)	(12,448)
Income taxes	(148)	(160)
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Loss before minority interests	(122,173)	(12,608)
Minority interests in losses of consolidated subsidiaries	4,010	1,036
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Income/(loss) from continuing operations	(118,163)	(11,572)
 Discontinued operations		
Loss from operations	(6,222)	(7,204)
Income from disposals	-	545
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Net loss	<u>(124,385)</u>	<u>(18,231)</u>
 Basic and diluted loss per share	<hr/> <hr/>	<hr/> <hr/>
	(1.21)	(0.18)

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	Quarter ended September 30, 2002 <u>(unaudited)</u>	Quarter ended December 31, 2002 <u>(unaudited)</u>
Revenues		
e-business solutions	5,085	5,876
Advertising	7,865	8,064
Sale of IT products	1,646	632
Other income	879	1,151
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	15,475	15,723
 Cost of revenues		
e-business solutions	(3,274)	(3,517)
Advertising	(5,454)	(5,618)
Sale of IT products	(1,247)	(698)
Other income	(513)	(517)
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	(10,488)	(10,350)
 Gross margin	4,987	5,373
 Selling, general and administrative expenses	(11,809)	(7,228)
Depreciation and amortization expenses	(2,738)	(2,063)
Impairment of goodwill and intangible assets	-	-
Stock compensation expense	(66)	(62)
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Operating loss	(9,626)	(3,980)
 Interest income	4,355	4,783
Interest expense	(513)	(604)
Gain on disposal of available-for-sale securities	3,000	671
Loss on disposal of subsidiaries and investments	(121)	(76)
Other non-operating gains	107	995
Other non-operating losses	(110)	(351)
Share of income in equity investees	521	-
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(Loss)/Gain before income taxes	(2,387)	1,438
Income taxes	(80)	(23)
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(Loss)/income before minority interests	(2,467)	1,415
Minority interests in losses/(income) of consolidated subsidiaries	301	(576)
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(Loss)/Income from continuing operations	(2,166)	839
 Discontinued operations		
Loss from operations	(1,176)	(212)
Income from disposals	-	545
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Net (loss)/income	<u>(3,342)</u>	<u>1,172</u>
 Basic and diluted (loss)/earning per share	<hr/> <u>(0.02)</u>	<hr/> <u>0.01</u>

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Consolidated Balance Sheets
(Amounts in thousands of U.S. dollars)

	December 31, 2001 <u>(audited)</u>	December 31, 2002 <u>(unaudited)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	20,820	33,153
Restricted cash	1,274	109
Accounts receivable	21,074	15,030
Deposits, prepayments and other receivables	16,746	8,363
Available-for-sale debt securities	329,952	300,056
Restricted debt securities	134,960	139,255
Total current assets	<u>524,826</u>	<u>495,966</u>
Property, plant and equipment, net	21,288	9,375
Available-for-sale marketable securities	2,064	2,050
Available-for-sale debt securities	17,028	20,000
Goodwill	6,430	12,016
Intangible assets	17,092	16,980
Restricted debt securities	-	11,868
Investment in equity investees	2,668	330
Investments	2,878	387
Other assets	2,220	11,985
Total assets	<u><u>596,494</u></u>	<u><u>580,957</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	15,082	13,662
Other payables	7,100	12,952
Accrued liabilities	14,099	9,064
Short-term bank loans	116,820	115,650
Long-term bank loans, current portion	131	149
Deferred revenue	932	2,693
Taxation	1,002	636
Amount due to related companies	10,248	684
Total current liabilities	<u>165,414</u>	<u>155,490</u>
Other payables, net of current portion	2,860	-
Long term debts, less current portion	1,504	11,585
Minority interests	36,855	36,182
Shareholders' equity:		
Share capital	26	25
Additional paid-in capital	613,460	610,340
Treasury stock	-	(238)
Accumulated other comprehensive income	(7,439)	1,990
Deficit	(216,186)	(234,417)
Total shareholders' equity	<u>389,861</u>	<u>377,700</u>
Total liabilities and shareholders' equity	<u><u>596,494</u></u>	<u><u>580,957</u></u>