

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

	Quarter Ended Dec 31, 2001 (Unaudited)	Quarter Ended Sep 30, 2001 (Unaudited)
Revenues		
e-business Solutions	\$ 7,666	\$ 9,157
Advertising	7,366	5,621
Sale of IT products	1,584	1,252
Other income	1,135	1,278
	<u>17,751</u>	<u>17,308</u>
Cost of revenues		
e-business Solutions	(4,855)	(6,161)
Advertising	(4,753)	(3,701)
Sale of IT products	(1,177)	(1,054)
Others	(307)	(452)
	<u>(11,092)</u>	<u>(11,368)</u>
Gross margin	<u>6,659</u>	<u>5,940</u>
Selling, general and administrative expenses (a)	(11,107)	(21,845)
Depreciation and amortization	(4,190)	(4,926)
Impairment of goodwill and intangible assets	(8,460)	(8,661)
Stock compensation expenses	(998)	(181)
	<u>(24,755)</u>	<u>(35,613)</u>
Operating loss	(18,096)	(29,673)
Interest income	8,244	6,200
Interest expenses	(847)	(118)
Gain on disposal of subsidiaries, available-for-sale securities and cost investments	2,134	3,843
Other non-operating losses	(181)	(670)
Impairment of cost investments and available-for-sale securities	-	(4,653)
Equity in losses of equity investees	(1,539)	(174)
	<u>(10,285)</u>	<u>(25,245)</u>
Loss before income taxes	(10,285)	(25,245)
Income taxes expenses	(28)	(38)
Loss before minority interests	(10,313)	(25,283)
Minority interests in losses of consolidated subsidiaries	121	481
Net loss	<u>\$ (10,192)</u>	<u>\$ (24,802)</u>
Basic and diluted loss per share	<u>(0.10)</u>	<u>(0.24)</u>
(a) Selling, general and administrative expenses to/for related parties	650	91

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

	Quarter Ended Dec 31, 2001 (Pro forma*)	Quarter Ended Sep 30, 2001 (Pro forma*)
Revenues		
e-business Solutions	\$ 7,666	\$ 9,157
Advertising	7,366	5,621
Sale of IT products	1,584	1,252
Other income	1,135	1,278
	17,751	17,308
Cost of revenues		
e-business Solutions	(4,855)	(6,161)
Advertising	(4,753)	(3,701)
Sale of IT products	(1,177)	(1,054)
Others	(307)	(452)
	(11,092)	(11,368)
Gross margin	6,659	5,940
Selling, general and administrative expenses	(12,203)	(16,278)
Depreciation and amortization	(4,190)	(4,926)
Stock compensation expenses	(998)	(181)
	(17,391)	(21,385)
Operating loss	(10,732)	(15,445)
Interest income	8,244	6,200
Interest expenses	(847)	(118)
Loss on available-for-sale securities	(26)	-
Equity in losses of equity investees	(58)	(174)
	(3,419)	(9,537)
Loss before income taxes	(3,419)	(9,537)
Income taxes expenses	(28)	(38)
Loss before minority interests	(3,447)	(9,575)
Minority interests in losses of consolidated subsidiaries	121	481
Net loss	\$ (3,326)	\$ (9,094)
Basic and diluted loss per share	(0.03)	(0.09)

* 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

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

	Year Ended Dec 31, 2001 (Unaudited)	Year Ended Dec 31, 2000 (Audited)
Revenues (a)		
e-business Solutions	\$ 38,891	\$ 65,309
Advertising	26,106	46,437
Sale of IT products	4,580	5,938
Other income	5,958	3,555
	<u>75,535</u>	<u>121,239</u>
Cost of revenues		
e-business Solutions	(26,845)	(40,767)
Advertising	(16,639)	(30,417)
Sale of IT products	(3,478)	(3,978)
Others	(2,054)	(357)
	<u>(49,016)</u>	<u>(75,519)</u>
Gross margin	<u>26,519</u>	<u>45,720</u>
Selling, general and administrative expenses (b)	(94,800)	(107,017)
Depreciation and amortization	(28,062)	(38,142)
Impairment of goodwill and intangible assets	(37,923)	(43,389)
Stock compensation expenses	(2,552)	(5,083)
	<u>(163,337)</u>	<u>(193,631)</u>
Operating loss	(136,818)	(147,911)
Interest income	26,926	30,103
Interest expenses	(1,495)	(954)
Gains arising from share issuance of a subsidiary	-	140,031
Gain on disposal of subsidiaries, available-for-sale securities and cost investments	2,301	15,663
Other non-operating losses	(1,321)	(2,528)
Impairment of cost investments and available-for-sale securities	(12,260)	(84,696)
Equity in losses of equity investees	(2,592)	(9,423)
	<u>(125,259)</u>	<u>(59,715)</u>
Loss before income taxes	(125,259)	(59,715)
Income taxes expenses	(361)	(640)
Loss before minority interests	(125,620)	(60,355)
Minority interests in losses of consolidated subsidiaries	4,010	553
Net loss	<u>\$ (121,610)</u>	<u>\$ (59,802)</u>
Basic and diluted loss per share	<u>(1.19)</u>	<u>(0.61)</u>
(a) Revenues from related parties	60	21,791
(b) Selling, general and administrative expenses to/for related parties	10,106	1,200

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

	Year Ended Dec 31, 2001 <u>(Pro forma*)</u>	Year Ended Dec 31, 2000 <u>(Pro forma*)</u>
Revenues		
e-business Solutions	\$ 36,770	\$ 53,299
Advertising	26,063	38,566
Sale of IT products	4,580	5,938
Other income	5,958	3,555
	<u>73,371</u>	<u>101,358</u>
Cost of revenues		
e-business Solutions	(25,582)	(30,262)
Advertising	(16,648)	(24,191)
Sale of IT products	(3,478)	(3,978)
Others	(2,054)	(357)
	<u>(47,762)</u>	<u>(58,788)</u>
Gross margin	<u>25,609</u>	<u>42,570</u>
Selling, general and administrative expenses	(72,567)	(91,278)
Depreciation and amortization	(28,062)	(38,142)
Stock compensation expenses	(2,552)	(5,083)
	<u>(103,181)</u>	<u>(134,503)</u>
Operating loss	(77,572)	(91,933)
Interest income	26,926	30,103
Interest expenses	(1,495)	(954)
Equity in losses of equity investees	(555)	(3,791)
	<u>(52,696)</u>	<u>(66,575)</u>
Loss before income taxes	(52,696)	(66,575)
Income taxes expenses	(361)	(640)
Loss before minority interests	(53,057)	(67,215)
Minority interests in losses of consolidated subsidiaries	4,010	553
Net loss	<u>\$ (49,047)</u>	<u>\$ (66,662)</u>
Basic and diluted loss per share	<u>(0.48)</u>	<u>(0.68)</u>

* The above pro forma consolidated statements of operations exclude revenues and 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

chinadotcom corporation
Consolidated Balance Sheets

	Dec 31, 2001	Dec 31, 2000
	(Unaudited)	(Audited)
	(US\$'000)	(US\$'000)
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,820	\$ 47,483
Restricted cash	1,274	4,134
Accounts receivable	21,074	31,656
Deposits, prepayments and other receivables	16,746	26,015
Debt securities available for sale	329,952	242,324
Restricted debt securities	134,960	148,622
Due from related companies	-	21,783
Total current assets	524,826	522,017
Fixed assets	24,063	30,150
Goodwill	6,430	40,205
Intangible assets	17,092	-
Investments in equity investees	2,668	5,179
Investments	2,878	11,135
Debt securities available for sale	17,028	-
Available-for-sale equity securities	2,064	10,368
Other assets	2,220	3,866
Total assets	\$ 599,269	\$ 622,920
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 15,082	\$ 17,219
Other payables	7,100	20,022
Accrued liabilities	14,099	14,475
Bank loans	116,951	3,934
Promissory notes payables	-	11,183
Deferred revenue	932	3,258
Taxation	1,002	933
Due to related companies	10,248	602
Total current liabilities	165,414	71,626
Bank loans - net of current portion	1,504	-
Other payables - net of current portion	2,860	-
	4,364	-
Minority interests	36,855	39,270
Shareholders' equity:		
Share capital	26	25
Additional paid-in capital	613,460	604,566
Accumulated other comprehensive income	(7,439)	(766)
Retained earnings (deficit)	(213,411)	(91,801)
Total shareholders' equity	392,636	512,024
Total liabilities and shareholders' equity	\$ 599,269	\$ 622,920

