

THE9 LIMITED
CONSOLIDATED STATEMENTS OF INCOME

(Expressed in Renminbi - RMB and US Dollars - US\$, except net profit/loss per share data)

	Quarter Ended			
	March 31, 2005 RMB	March 31, 2005 US\$	December 31, 2004 RMB	March 31, 2004 RMB
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues:				
Online game and virtual community services	209,717	25,339	57,017	98,277
Game operating support, website solutions and advertisement	3,164,888	382,394	6,033,581	5,559,047
Short message services	3,146,323	380,151	2,700,123	1,044,791
Other revenues	6,273,506	757,991	150,089	15,400
	<u>12,794,434</u>	<u>1,545,875</u>	<u>8,940,810</u>	<u>6,717,515</u>
Sales Taxes	(539,152)	(65,143)	(476,111)	(337,555)
Net Revenues	<u>12,255,282</u>	<u>1,480,732</u>	<u>8,464,699</u>	<u>6,379,960</u>
Cost of Services	(7,624,678)	(921,244)	(2,310,151)	(2,118,908)
Gross Profit	<u>4,630,604</u>	<u>559,488</u>	<u>6,154,548</u>	<u>4,261,052</u>
Operating Expenses:				
Product development	(8,279,103)	(1,000,315)	(2,571,993)	(1,665,494)
Sales and marketing	(5,060,598)	(611,442)	(5,317,885)	(899,562)
General and administrative	(8,578,713)	(1,036,515)	(7,218,648)	(2,375,843)
Share-based compensation	(13,376)	(1,616)	-	-
Total operating expenses:	<u>(21,931,790)</u>	<u>(2,649,888)</u>	<u>(15,108,526)</u>	<u>(4,940,899)</u>
Loss from operations	(17,301,186)	(2,090,400)	(8,953,978)	(679,847)
Interest income, net	3,021,368	365,054	251,968	118,907
Other income (expenses), net	(169,056)	(20,426)	15,029,705	(71,522)
Income (loss) before income tax benefit (expense) and equity in profit (loss) of affiliated company	(14,448,874)	(1,745,772)	6,327,695	(632,462)
Income tax expense	1,254,558	151,581	(2,621,566)	(431,144)
Minority interests	3,192,464	385,726	3,107,782	907,230
Income (loss) before equity in profit of affiliated companies	(10,001,852)	(1,208,465)	6,813,911	(156,376)
Equity in profit (loss) of affiliated companies, net of taxes	(495,447)	(59,862)	1,005,285	3,517,143
Net Income (Loss)	<u>(10,497,299)</u>	<u>(1,268,327)</u>	<u>7,819,196</u>	<u>3,360,767</u>
Accretion to Series A Preference Shares	-	-	(783,500)	(833,413)
Amounts allocated to Series A Preference Shares	-	-	(3,000,224)	(1,132,255)
Net income (loss) attributable to common shareholders	<u>(10,497,299)</u>	<u>(1,268,327)</u>	<u>4,035,472</u>	<u>1,395,099</u>
Other comprehensive loss:				
Translation adjustments	(551)	(67)	(1,245)	125,605
Comprehensive Income (Loss)	<u>(10,497,850)</u>	<u>(1,268,394)</u>	<u>7,817,951</u>	<u>3,486,372</u>
Earnings (loss) per share				
- Basic	<u>(0.43)</u>	<u>(0.05)</u>	<u>0.38</u>	<u>0.14</u>
- Diluted	<u>(0.43)</u>	<u>(0.05)</u>	<u>0.29</u>	<u>0.12</u>
Weighted average shares outstanding				
- Basic	<u>24,186,250</u>	<u>24,186,250</u>	<u>11,489,940</u>	<u>9,867,000</u>
- Diluted	<u>24,186,250</u>	<u>24,186,250</u>	<u>15,741,973</u>	<u>13,620,750</u>