



NetEase Kaola Ranked China's No.1 Cross-Border Import Retail E-commerce Platform for Sixth Consecutive Time

HANGZHOU, China, Aug. 31, 2018 /PRNewswire/ -- NetEase Kaola today announced that it again ranked as the No.1 cross-border import retail e-commerce platform in China as of June 30, 2018 followed by Tmall Global and JD Worldwide. ^[1]According to iiMedia Research Group's independent August 2018 research report, NetEase Kaola has held its No.1 ranking for six consecutive times, with 26.2% market share in the first half of 2018.

In the report, analysts from iiMedia stated that NetEase Kaola's continuous success was generated from its high reputation and large user base, which were built on cost-effective, high-quality and trustworthy products.

"We are proud to see that NetEase Kaola is leading the market and is benefitting from the growing trend of consumption upgrades in China," said Ms. Zhang Lei, CEO of NetEase Kaola, "We have been committed to providing Chinese consumers with high-quality products from established international brands at competitive prices since the very first day. And we will continue that successful momentum by upgrading our supply chain, warehousing and logistics, as well as further improving the online shopping experience for our customers through the application of new technologies."

NetEase Kaola's competitive edge lies in its unique model. It establishes strong relationships with international brands and directly purchases most of its inventory from brands overseas, bypassing intermediaries and local distributors to lower costs, the benefit of which is passed down to consumers. In addition, NetEase Kaola provides a one-stop solution for foreign manufacturers to enter the China's complex market. By handling cross-border logistics, warehousing, online operations and after-sales services, NetEase Kaola enables foreign manufacturers to reach Chinese consumers on a broader and faster scale.

NetEase Kaola currently cooperates with more than 5,000 brands from 80 countries covering apparel, maternity and infant care, household appliances, personal care, health care and other major categories of products.

While enhancing its dominant position in the cross-border e-commerce market, NetEase Kaola is targeting the entire high-quality e-commerce market. With the growing trend of consumption upgrades among the rising middle class in China, high-quality e-commerce is in growing demand. However, the incumbent business model in China has not yet effectively capitalized on this opportunity. NetEase Kaola is designed to fill this gap in the market.

According to a research report recently released by the Boston Consulting Group, about 27% of the world's total consumption growth by 2021 will occur in major economies, bolstered by the rising income level, the growing upper-middle-class and affluent families. Among these economies, China's consumption level will see an increase of nearly US\$2 trillion by 2021, driven by the growth of upper-middle-class' consumption capacity.

The promising growth prospects for China's high-quality e-commerce market presents huge opportunities for NetEase Kaola, especially in the case that the platform continues to focus on providing the right product with the right price and high quality along with excellent shopping experience, to maintain its market leading position.

NetEase Kaola, alongside with NetEase Yanxuan, constitutes NetEase's e-commerce business which has already transformed into a core part of NetEase's business. In the second quarter of 2018, NetEase's e-commerce business generated US\$659.7 million in revenues. For fiscal year 2017, net revenues of e-commerce were US\$1.8 billion, an increase of 157% compared with 2016.

About NetEase Kaola

NetEase Kaola is China's leading cross-border e-commerce platform. It provides a platform for international brands to sell their products securely to Chinese consumers and for Chinese consumers to purchase safe, high-quality international premium goods in a convenient way. Launched in 2015, it carries over 5,000 brands from 80 countries.

About NetEase, Inc.

NetEase, Inc. (NASDAQ: NTES) is a leading internet technology company in China dedicated to providing online services centered on content, community, communication and commerce. NetEase develops and operates some of China's most popular PC-client and mobile games, and partners with Blizzard Entertainment, Mojang AB (a Microsoft subsidiary) and other global game developers to operate some of the most popular international online games in China. NetEase also operates Kaola.com and Yanxuan, two e-commerce platforms that cater to the rising middle-class consumer market in China. In addition, NetEase offers advertising, e-mail and other services. For more information, please visit: <http://ir.netease.com/>.

Forward Looking Statements

This press release contains statements of a forward-looking nature. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. The accuracy of these statements may be impacted by a number of business risks and uncertainties that could cause actual results to differ materially from those projected or anticipated, including risks related to: the risk that the share repurchase program will not increase shareholder value; and other risks outlined in NetEase's filings with the Securities and Exchange Commission. NetEase does not undertake any obligation to update this forward-looking information, except as required under applicable law.

[1] Data is supported by an independent third-party analysis from iiMedia Research Group in August 2018. iiMedia is one of the world's leading third-party consulting agency in the mobile internet industry.