As filed with the Securities and Exchange Commission on October 10, 2003
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-3
REGISTRATION STATEMENT
Under
The Securities Act of 1933

NETEASE.COM, INC.
(Exact name of Registrant as specified in its charter)

Cayman Islands	Not Applicable
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

Suite 1901, Tower E3
The Towers, Oriental Plaza
Dong Cheng District
Beijing 100738
People's Republic of China
(8610) 8518-0163
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

CT Corporation
111 Eighth Avenue
New York, New York 10011
(212) 894-8940
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
Jonathan H. Lemberg, Esq.
Paul W. Boltz, Esq.
Morrison & Foerster
21st and 23rd Floors
Entertainment Building
30 Queen's Road Central
Hong Kong
(852) 2585-0888

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. [_]

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [x]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [_]

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share (1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Zero Coupon Convertible				

Subordinated Notes due July 15, 2023	$ 100,000,000	151.94%	$ 151,940,000	$ 12,291.95
Ordinary Shares, $0.0001 par value	207,684,320(2)	(2)	(2)	(3)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) of the Securities Act of 1933, based on the bid and ask prices for the Zero Coupon Convertible Subordinated Notes on October 6, 2003.

(2) Includes 207,684,320 ordinary shares issuable upon conversion of the notes at the initial conversion price of $0.4815 per share. Pursuant to Rule 416 under the Securities Act, such number of ordinary shares registered hereby shall include an indeterminate number of additional ordinary shares that may be issued from time to time upon conversion of the notes as a result of antidilution adjustments, in circumstances described in the prospectus that is part of this registration statement.

(3) Pursuant to Rule 457(i) under the Securities Act, there is no additional filing fee with respect to the ordinary shares issuable upon conversion of the notes because no additional consideration will be received in connection with the exercise of the conversion privilege.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 10, 2003

Preliminary Prospectus

NetEase.com, Inc.

$100,000,000 Principal Amount
Zero Coupon Convertible Subordinated Notes due July 15, 2023 and Ordinary Shares
Issuable Upon Conversion of the Notes

This prospectus covers resales from time to time by selling securityholders of our Zero Coupon Convertible Subordinated Notes due July 15, 2023 held by certain selling securityholders and 207,684,320 of our ordinary shares issuable upon conversion of the notes held by certain securityholders, plus such indeterminate number of shares as may become issuable upon conversion of the notes by reason of adjustment of the conversion price. The notes and the ordinary shares may be sold from time to time by or on behalf of the selling securityholders named in this prospectus or in supplements or amendments to this prospectus in market transactions, in negotiated transactions or otherwise, and at prices and at terms which will be determined by the then prevailing market price for the notes or ordinary shares or at negotiated prices.

The interest rate on the notes will be zero, except as provided in this prospectus. The notes are general unsecured obligations of NetEase.com, Inc. and are subordinated to any existing or future senior indebtedness of NetEase.com, Inc. They will mature on July 15, 2023, at which time they will be redeemed at 100% of their principal amount, together with accrued and unpaid interest, if any. Prior to July 15, 2008, we may not redeem the notes at our option, except upon a Merger Event (as defined in this prospectus), in which case we may be required to redeem all of the notes for cash in an amount equal to the greater of the trading price (as defined in this prospectus) of the notes plus 10% of their principal amount or 100% of the principal amount of the notes, together with accrued and unpaid interest, if any. On or after July 15, 2008, we may redeem for cash all or part of the notes at a price equal to 100% of their principal amount, together with accrued and unpaid interest, if any, if the reference price of our ordinary shares (such reference price being a dollar amount derived by dividing the closing price of our American Depositary Shares, or ADSs, on the date of determination by the then applicable number of our ordinary shares represented by one ADS) for 20 days out of any 30 consecutive trading day (as defined in this prospectus) period, the last of which occurs no more than five days prior to the date upon which notice of such redemption is published, is at least 130% of the conversion price in effect on such last trading day. Holders of notes may also require us to repurchase all or a portion of their notes for cash on July 15, 2006, July 15, 2007, July 15, 2008, July 15, 2013 and July 15, 2018, at a price equal to 100% of the principal amount of the notes, together with accrued and unpaid interest, if any, subject to certain additional conditions. Further, upon a Fundamental Change or a Delisting Event (as those terms are defined in this prospectus), each holder may require us to repurchase for cash all or a portion of its notes at a price equal to 100% of the principal amount of the notes, together with accrued and unpaid interest, if any.

Holders may convert their notes at any time on or before the maturity date at the conversion price (initially $0.4815 per ordinary share, subject to any adjustments): (1) during any calendar quarter commencing after September 30, 2003, if the average of the reference prices of our ordinary shares for the last five consecutive trading days of the calendar quarter preceding the quarter in which the conversion occurs is more than 115% of the conversion price per share on the last trading day of the preceding quarter, (2) if we have called the notes for redemption, (3) if the trading price for the notes falls below a certain level or (4) upon the occurrence of specified corporate transactions. We may pay converting note holders ordinary shares, cash or a combination of cash and ordinary shares for their notes.

A holder may deposit the ordinary shares it receives upon conversion of its notes for the issuance of ADSs if certain specified conditions are met. Our ADSs, each representing 100 ordinary shares, are quoted on The Nasdaq National Market, Inc. under the symbol "NTES." The last reported sale price of our ADSs on October 6, 2003 was $66.19 per ADS, which results in a reference price of $0.6619 per share for our ordinary shares. The notes are eligible for trading in The Portal(SM) Market, a subsidiary of The Nasdaq Stock Market.

Investing in the notes and ordinary shares involves risks. See "Risk Factors" beginning on page 7.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2003.

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Please note that in this prospectus, all references to Renminbi and RMB are to the legal currency of China and all references to dollars, USD, $ and US$ are to the legal currency of the United States. References to "we," "us," "our company" or "NetEase" in this prospectus are to NetEase.com, Inc.

We have not authorized any dealer, salesperson or other person to give any information or represent anything not contained in this prospectus. You should not rely on any unauthorized information. This prospectus does not offer to sell or buy any shares in any jurisdiction in which it is unlawful. The information in this prospectus is current as of the date on the cover.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains statements that may be of a forward-looking nature. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 199g5. 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 those related to:

- the risk that we will not be able to continue to successfully monetize the user base of the NetEase Web sites and that our e-commerce and other fee-based services revenues will not continue to grow;
- the risk that the current popularity of short messaging services (SMS) in China will not continue for whatever reason, including SMS being superseded by other technologies for which we are unable to offer attractive products and services;
- the risk that we may not be able to continuously develop new and creative online services;
- the risk that the online game market will not continue to grow or that we will not be able to maintain our position in that market;
- the risk that the online advertising market in China will not continue to grow and will remain subject to intense competition;
- the risk that we will not be able to control our expenses in future periods;
- the possibility that our company and our board of directors have not implemented effective or complete steps to ensure that the circumstances which led to the restatement of our financial statements for the year ended December 31, 2000 will not recur;
- the risk that we will not be able to develop and implement additional operational and financial systems to manage our operations;
- governmental uncertainties, general competition and price pressures in the marketplace;
- uncertainty as to future profitability and the risk that security, reliability and confidentiality concerns may impede broad use of the Internet and e-commerce and other services; and
- other risks outlined in our filings with the Securities and Exchange Commission, including our registration statement on Form F-1, as amended.

We do not undertake any obligation to update this forward-looking information, except as required under applicable law.

WHERE YOU CAN FIND MORE INFORMATION

We file annual and current reports and other information with the Securities and Exchange Commission, or the SEC. You may read and copy materials that we have filed with the SEC at the SEC's public reference room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549.

Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

Our ADSs are quoted on The Nasdaq National Market under the symbol "NTES," and our SEC filings can also be read at: Nasdaq Operations, 1735 K Street, N.W., Washington, D.C. 20006.

Certain of our SEC filings are also available to the public on the SEC's Internet website at http://www.sec.gov.

We incorporate by reference into this prospectus the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, including any filings after the date of this prospectus, until this offering is completed. The information incorporated by reference is an important part of this prospectus. Any statement in a document incorporated by reference into this prospectus will be deemed to be modified or superseded to the extent a statement contained in (1) this prospectus or (2) any other subsequently filed document that is incorporated by reference into this prospectus modifies or supersedes such statement.

- Our Annual Report on Form 20-F (File No. 000-30666) for our fiscal year ended December 31, 2002 filed on June 27, 2003;
- The description of our ordinary shares and American Depositary Shares, each representing 100 of our ordinary shares, set forth in our Registration Statement on Form 8-A, filed on March 27, 2000 and amended on June 28, 2000 (File No. 000-30666);
- Our Current Report on Form 6-K (File No. 000-30666) filed on April 29, 2003;
- Our Current Report on Form 6-K (File No. 000-30666) filed on July 7, 2003;
- Our Current Report on Form 6-K (File No. 000-30666) filed on July 9, 2003;
- Our Current Report on Form 6-K (File No. 000-30666) filed on July 15, 2003; and
- Our Current Report on Form 6-K (File No. 000-30666) filed on July 31, 2003.

You may request a copy of these filings, the indenture for the notes, the registration rights agreement or the form of note, at no cost, by writing to us at: Investor Relations, NetEase.com, Inc., Suite 1901, Tower E3, The Towers, Oriental Plaza, Dong Cheng District, Beijing, People's Republic of China 100738 or by telephoning us at (86-10) 8518-0163.

SUMMARY

This summary contains basic information about us and this offering. Because it is a summary, it does not contain all of the information that you should consider before investing. You should read this entire prospectus carefully, including the section entitled "Risk Factors" and our financial statements and the notes thereto, some of which are incorporated into this prospectus by reference, before making an investment decision.

Through our affiliates, we operate a leading interactive online and wireless community in China and are a major provider of Chinese language content and services through our Internet Portal, Wireless Business and Online Games Business Departments. The monthly average daily page views of the NetEase Web sites for the month ended September 30, 2003 exceeded 329.2 million, and as of September 30, 2003, those sites had registered approximately 143.8 million registered accounts. Headquartered in Beijing and with regional offices in Shanghai and Guangzhou, NetEase has over 400 employees.

Our basic service offerings on the NetEase Web sites are available without charge to our users. We generate revenues from fee-based wireless services, online games, premium value-added services and advertising. Our principal areas of focus are described below:

.. Internet Portal--The NetEase Web sites provide Internet users with Chinese language online services centered around three core services--content, community and communication, and commerce.

Content

Through more than 18 channels, the NetEase content channels provide news, information and online entertainment to the Chinese public. The Web sites consolidate and distribute content from more than one hundred international and domestic content providers. Content channels include News, Entertainment, Sports, Finance, Information Technology, Automobile, Regional Sites for Guangdong and Shanghai, Astrology and Cartoon channels.

Community and Communication

The NetEase Web sites also provide a broad array of community and communication products, including E-mail, Instant Messaging, Personals, Matchmaking, Alumni Directories, Personal Homepages, Clubs, E-cards, Chat Rooms and Community Forums. Some of these services are provided free of charge to the users with an option to upgrade to a fee-based premium service, whereas others are provided solely on a fee-based premium basis.

Commerce

We offer an online shopping service, providing Internet users in China with the freedom to shop from their homes and offices or in Internet cafes and thereby access products and information which might otherwise not be conveniently available. In turn, our technology platform allows e-commerce and traditional businesses to establish or expand their retail networks via the NetEase Web sites.

In addition, through the NetEase Web sites, advertisers can reach NetEase's large registered user base to conduct integrated marketing campaigns by means of a full range of advertising formats and techniques. These include banner advertising, direct e-mail, interactive media-rich sites, special events, games and contests and other activities.

The NetEase Web sites also provide useful resources to our users, including a Web directory, Web Search Service and Classified Ads. Our Web directory is based on an open architecture system with over 3,000 volunteer editors working to build a categorized directory of Chinese Web sites.

.. Wireless Value-Added Services--Through arrangements with mobile phone operators China Mobile and China Unicom, we offer a wide-range of products and services which allow users, for example, to receive news and valuable information such as stock quotes and e-mails, download ring-tones and logos for their mobile phones and participate in matchmaking communities and interactive games. Combining content from our Internet Portal (both user-generated and from our content partners) with the applications we have developed in-house, our Wireless Business Department strives to offer products and services that are responsive to our users' changing tastes and needs.

Currently, most of our wireless value-added products and services are provided to users in the form of short messaging services ("SMS"). NetEase offers over 200 different SMS products and subscription packages with pricing between RMB0.10 to RMB2.00 per SMS message or between RMB5.00 to RMB30.00 per subscription per month. We receive a percentage of this amount from China Mobile and China Unicom, which they bill and collect on our behalf. In addition, we are required to pay China Mobile and China Unicom a service fee.

In addition to our SMS offerings, we have begun introducing products and services for emerging wireless technology standards, including multimedia messaging ("MMS") products and wireless application protocol ("WAP") portals which users access with mobile phones that utilize the new GPRS or CDMA1X technology standards. We intend to continue to develop and introduce wireless value-added products and services, such as MMS Virtual Pet and Java games, as the market evolves and as new technologies develop.

.. Online Games--Through our Online Games Business Department, we focus on offering massively multi-player online role-playing games ("MMORPGs") to the Chinese market. MMORPGs are played over the Internet in "virtual worlds" that exist on game servers to which thousands of players simultaneously connect and interact. We both develop and license online games that are targeted at the Chinese market, and we strive to provide the highest quality game playing experience to our users.

To pay for game playing time, players can use our prepaid point card system. Point card distribution channels include wholesalers, as well as major retailers including 7-Eleven convenience stores in Guangzhou.

Corporate Information

NetEase.com, Inc., a Cayman Islands corporation, commenced operations in 1999. Our principal executive offices are located at Suite 1901, Tower E3, The Towers, Oriental Plaza, Dong Cheng District, Beijing, People's Republic of China 100738. Our telephone number at this location is (86-10) 8518-0163. Our Web site is located at http://www.netease.com. The information contained on our Web site is not a part of this prospectus.

The Offering

This prospectus covers the resale of $100,000,000 aggregate principal amount of the notes and 207,684,320 of our ordinary shares issuable upon conversion of the notes, plus an indeterminate number of additional ordinary shares that may be issued from time to time upon conversion of the notes as a result of antidilution adjustments in circumstances described in this prospectus.

We issued and sold $75,000,000 aggregate principal amount of the notes on July 14, 2003 and $25,000,000 aggregate principal amount of the notes on July 31, 2003, in private offerings to Credit Suisse First Boston LLC. We were told by Credit Suisse First Boston LLC that the notes were resold in transactions which were exempt from registration requirements of the Securities Act of 1933, as amended (referred to as the Securities Act in this prospectus) to persons reasonably believed by Credit Suisse First Boston LLC to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act).

Ordinary shares may be offered by the selling securityholders following the conversion of their notes.

The following is a brief summary of the terms of the notes. For a more complete description of the notes, see the section entitled "Description of Notes" in this prospectus.

Notes	$100,000,000 aggregate principal amount of our Zero Coupon Convertible Subordinated Notes due July 15, 2023.
Interest	Interest on the notes will be zero unless specified defaults under the registration rights agreement occur. See "Description of Notes--Registration Rights."
Maturity of Notes	July 15, 2023.
Subordination	The notes will be general unsecured subordinated obligations of NetEase. The notes will be subordinated in right of payment to all existing and future senior indebtedness. The notes will also be effectively subordinated to the existing and future indebtedness and other liabilities of our subsidiaries. As of June 30, 2003, we had no outstanding indebtedness, and we had total liabilities of approximately $6.0 million. On that date, our subsidiaries had no outstanding indebtedness, other than intercompany indebtedness and other normal trade payables and liabilities.
Conversion	Rights Holders may convert their notes into our ordinary shares at a conversion price of $0.4815 per share, subject to adjustment, at any time prior to maturity: . during any calendar quarter commencing after September 30, 2003, if the average of the reference prices (as defined in this prospectus) of our ordinary shares for the last five consecutive trading days of the calendar quarter preceding the quarter in which the conversion occurs is more than 115% of the conversion

price per share on the last trading day of the preceding quarter;

. if we have called the notes for redemption;

. if the average of the trading prices of the notes for any five consecutive trading day period is less than 100% of the average of the conversion value (as defined in this prospectus) of the notes during that period; provided, however, that no notes may be converted based on the satisfaction of this condition during the six month period immediately preceding each specified date on which the note holders may require us to repurchase their notes (for example, with respect to the July 15, 2006 repurchase date, the notes may not be converted from January 15, 2006 to July 15, 2006) if on any day during such five consecutive trading day period, the reference price of our ordinary shares is between the conversion price and 115% of the conversion price; or

. upon the occurrence of specified corporate transactions.

Upon conversion of the notes, we may also choose to deliver cash to you, in lieu of ordinary shares, or a combination of cash and ordinary shares.

A holder may deposit the ordinary shares it receives upon conversion of its notes for the issuance of ADSs if certain specified conditions are met.

Redemption of Notes at Our Option

Beginning on July 15, 2008 and prior to the close of business on the maturity date, we may redeem the notes, in whole or in part, for cash at a price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, if the reference price of our ordinary shares for 20 out of any 30 consecutive trading day period, the last of which occurs no more than five days prior to the date upon which notice of such redemption is published, is at least 130% of the conversion price in effect on such last trading day. See "Description of Notes--Redemption of Notes at Our Option."

We will also redeem all of the notes upon a Merger Event (as defined in this prospectus) for cash in an amount equal to the trading price of the notes plus 10% of their principal amount (or 100% of the principal amount of the notes, if greater). See "Description of Notes--Merger and Consolidation."

Repurchase of the Notes at the Option of the Holder	Holders may require us to repurchase for cash all or a portion of their notes on July 15, 2006, July 15, 2007, July 15, 2008, July 15, 2013 and July 15, 2018, at a price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any. See "Description of Notes--Repurchase of Notes at the Option of the Holder on Specified Dates."
Fundamental Change	If a Fundamental Change (as defined in this prospectus) occurs, each holder of notes may require us to repurchase all or a portion of such holder's notes at a price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any.
Delisting Event	If our ADSs are no longer listed or quoted for trading on The Nasdaq National Market or our ordinary shares or other securities representing our ordinary shares are not listed or quoted for trading on a U.S. national securities exchange, each holder of notes may require us to repurchase all or a portion of such holder's notes at a price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any.
Events of Default	If there is an event of default on the notes, the principal amount of the notes plus accrued and unpaid interest, if any, may be declared immediately due and payable. See "Description of Notes--Events of Default and Notice Thereof."
Use of Proceeds	We will not receive any proceeds from the sale of the notes or the ordinary shares offered by this prospectus.
Form of Notes	The notes were issued in book-entry form and are represented by permanent global certificates deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company, or DTC, in New York, New York. Beneficial interests in any such securities are shown on, and transfers are effected only through, records maintained by DTC and its direct and indirect participants and any such interest may not be exchanged for certificated securities, except in limited circumstances. See "Description of Notes--Book-Entry Delivery and Form."
Registration Rights	We have agreed to file with the SEC the shelf registration statement of which this prospectus is a part for the resale of the notes and the ordinary shares issuable upon conversion of the notes under a registration rights agreement. In the

	event that we fail to comply with certain of our obligations under the registration rights agreement, certain interest will be payable on the notes. See "Description of Notes--Registration Rights."
Trading	The notes are eligible for trading in The PortalSM Market, a subsidiary of The Nasdaq Stock Market. Our ADSs, each representing 100 ordinary shares, are traded on The Nasdaq National Market under the symbol "NTES."
Trustee for the Notes and Depositary for our American Depositary Shares	The Bank of New York

RISK FACTORS

Before you make an investment decision regarding the notes or the underlying ordinary shares, you should carefully consider all of the information contained in this prospectus.

Risks Related to Our Company

Our business prospects are difficult to evaluate because we commenced our operations in 1997, changed our business focus in 1998 and introduced several new revenue sources in 2001.

Our business was established in June 1997 as an Internet software developer. In mid-1998, our business focus changed to an Internet technology provider, and we commenced developing the NetEase Web sites. In July 1999, we commenced our e-commerce services, and in September 1999, we restructured our operations to place our Internet portal operations in Guangzhou NetEase Computer System Co., Ltd., or Guangzhou NetEase. In 2001, we began focusing on fee-based premium services and online entertainment services, including wireless value-added services, premium e-mail services, online games and other subscription-type products. In 2002 and the first half of 2003, certain of these new services, in particular wireless value-added services and online games, enjoyed greater popularity (and generated greater profit) than our other fee-based premium services, but we cannot be certain whether this trend will continue.

Because we have a limited operating history, when you evaluate our business and prospects you must consider the risks and difficulties frequently encountered by companies in the early stages of development, particularly companies in the new and rapidly evolving Internet service markets. In addition, our change of business focus from developing Web-based software products to developing and providing technological services to the NetEase Web sites and then to also providing e-commerce and other services makes it difficult to evaluate our future prospects. We cannot assure you that we will be able to increase or maintain our revenues from online advertising and e-commerce and other services.

We incurred significant losses in the past and may incur additional losses in the future.

Although we had a net profit of US$2.0 million in 2002 and of US$17.5 million in the first six months of 2003, we incurred significant net losses in 2001, 2000 and 1999 and had only minimal profit in 1998. Accordingly, as of June 30, 2003, we had an accumulated deficit of approximately US$35.4 million. The markets in which we operate are highly competitive, and given the relatively short period of time during which we have achieved profitability, we cannot be certain that we will be able to maintain or increase our profits. Moreover, as our business expands, we may incur additional expenses which would also adversely affect our profitability.

The market for the delivery of wireless value-added services is rapidly evolving, and our ability to generate revenues from our wireless value-added services could suffer if this market does not develop or we fail to address this market effectively.

We must continue to adapt our strategy for wireless value-added services, which contributed the bulk of our fee-based premium services and online entertainment services revenue in 2002 and the first half of 2003, to compete in the rapidly evolving wireless value-added services market. We currently offer products and services for users of short messaging services (SMS) and, beginning in 2003, for multi-media messaging services (MMS), both of which enable mobile phone users to communicate with each other and receive information on their phone screens. Competitors have introduced or developed, or are in the process of introducing or developing, competing wireless value-added services accessible through a variety of handheld devices. We cannot assure you that there will be demand for the wireless value-added

services provided by us. In addition, there are numerous other technologies in varying stages of development, such as third generation cellular phone technology (3G), which could radically alter or eliminate the SMS and MMS markets. Accordingly, it is extremely difficult to predict which services will be successful in this market or the future size and growth of this market. In addition, given the limited history and rapidly evolving nature of this market, we cannot predict the price that wireless subscribers will be willing to pay for these services. If acceptance of our wireless value-added services is less than anticipated, our results from operations could be impacted.

Currently, we are dependent on our relationship with the two mobile phone companies in China for our wireless value-added services revenues and the alteration or termination of either or both of these relationships could adversely impact our business.

Our wireless value-added services are conducted in conjunction with the two mobile phone companies in China, China Mobile and China Unicom. If our strategic relationship with either company is terminated or scaled-back, it may be difficult, if not impossible, to find appropriate replacement partners with the requisite licenses and permits, infrastructure and customer base to offer these services, which could adversely affect our business. Our wireless value-added services are provided through a number of contracts with the provincial affiliates of China Mobile and with China Unicom, and each of these contracts is non-exclusive and of a limited term (generally six months or one year). These contracts may also be terminated in advance under certain circumstances. We cannot be certain that we will be able to renew these contracts as necessary or enter into new arrangements with these or other affiliates of China Mobile and China Unicom. We may also be compelled to amend our arrangements with these mobile phone carriers in ways which adversely affect our business.

We experienced a decline in the rate of growth of our online games which appears to be a result of the outbreak of severe acute respiratory syndrome, or SARS, and any recurrence of SARS or another widespread public health problem could further adversely affect our business and results of operations.

During April and May 2003, we experienced a decline in the rate of growth of our online game services which we believe resulted from the Chinese government's closure of Internet cafes in Beijing and elsewhere to prevent the spread of SARS. Many users of our online game services can only access those services at Internet cafes. A renewed outbreak of SARS or another widespread public health problem in China where virtually all of our revenue is derived and in Beijing, Shanghai and Guangzhou where most of our employees are located could have a negative effect on our operations. Our operations may be impacted by a number of health-related factors, including, among other things:

- quarantines or closures of some of our offices which would severely disrupt our operations,
- the sickness or death of our key officers and employees,
- closure of Internet cafes and other public areas where people access the Internet, and
- a general slowdown in the Chinese economy.

Any of the foregoing events or other unforeseen consequences of public health problems could adversely affect our business and results of operations. We will continue to monitor the impact of SARS on our business.

E-commerce and other services have become the significant part of our revenue, but continued growth in the popularity of these services and customers' willingness and ability to pay for them is uncertain.

Our revenue growth depends on the increasing acceptance and use of our e-commerce services, fee-based premium services, wireless value-added services and online entertainment services. We have, however, only limited experience in offering these services and cannot be certain that they will generate sustainable revenue. Further, these services may never become widely accepted for various reasons, many of which are beyond our control, including:

- inexperience with these technologies, some of which are largely new to China, and customers' willingness to pay for online services;
- rapid changes in technology and customer tastes which could adversely impact the popularity of our services, such as our fee-based wireless value-added services and online games; and
- concerns about security, reliability, cost, ease of deployment, administration and quality of service associated with conducting business over the Internet.

Further, online payment systems in China are not as widely available or acceptable to consumers in China as in the United States and elsewhere. Although major Chinese banks have instituted online payment systems, these systems are still at an early stage. In addition, a limited number of consumers in China have credit cards or debit cards. The perceived lack of secure online payment systems may limit the number of e-commerce transactions that we can service. If online payment services do not develop, our ability to grow our e-commerce business would be limited.

In connection with the introduction of our first online game, "Westward Journey Online," at the end of 2001, we introduced a prepaid debit point card which we believe has facilitated the usability and growth of all of our online game services. To address the difficulty of making online payments in China, users can buy this card at local stores and other locations in China. The points contained in the card can then be used to pay for online services, such as playing time for online games. We cannot be certain, however, that Internet users in China will be willing to adopt this payment method on a wide-spread and consistent basis or that it will be immune to the security and other concerns which have thus far contributed to the relatively low level of e-commerce activity in China. If the Internet does not become more widely accepted as a medium for e-commerce and our other fee-based services, our ability to generate increased revenue will be negatively affected.

If we fail to develop and introduce new fee-based services timely and successfully, we will not be able to compete effectively and our ability to generate revenues will suffer.

We operate in a highly competitive, quickly changing environment, and our future success depends not only on the popularity of our existing fee-based services but also on our ability to develop and introduce new fee-based services that our customers and users choose to buy. If we are unsuccessful at developing and introducing new fee-based services that are appealing to users with acceptable prices and terms, our business and operating results would be negatively impacted because we would not be able to compete effectively and our ability to generate revenues would suffer. The development of new services can be very difficult and requires high levels of innovation. The development process can also be lengthy and costly, in particular for developing new online games. If we fail to anticipate our users' needs and technological trends accurately or are otherwise unable to complete the development of

services in a timely fashion, we will be unable to introduce new services into the market to successfully compete.

The demand for new services is difficult to forecast, in part due to the relative immaturity of the market for our fee-based services in China and relatively short life cycles of Internet-based technologies. As we introduce and support additional services and as competition in the market for our services intensifies, we expect that it will become more difficult to forecast demand. In particular, competition in the online game market is growing as more and more online games are introduced by existing and new market participants.

We depend on China Mobile and China Unicom to maintain accurate records concerning the fees paid by customers for wireless value-added services and our portion of those fees, and we have had to make estimates on occasion as to what revenues we should record in this regard. Any mistakes in this process could adversely affect our business.

China Mobile and China Unicom pay us a portion of the fees they receive from their customers for the wireless value-added services we provide, and we are dependent on their ability to maintain accurate records of the services provided and concomitant fees paid. We do not collect fees from these operators in certain circumstances due to technical issues with their billing and transmission systems. The rate of these billing and transmission failures varies among the operators and also changes from month to month. Billing and transmission failures may result in a significant reduction in our wireless value-added services revenue.

In addition, we have only limited means to independently verify the information provided to us in this regard, and our business could be adversely affected if these mobile phone companies miscalculate the net revenue from the services and our portion of that revenue. Further, we normally recognize revenue based on statements from the mobile phone companies, but in very limited circumstances, we may recognize revenue based on our own statistical records and after consultation with the mobile phone companies. Recognizing revenue based on such estimates could potentially require us to later make adjustments in our financial records when the mobile phone companies' statements and cash payments are received. Such estimates have not been made in connection with our fiscal year-end accounts.

We expect that a portion of our future revenues will continue to come from our advertising services, but the online advertising market in China is still relatively new and subject to intense competition.

Although we anticipate that the revenues generated by our fee-based premium services and online entertainment services will continue to constitute the major portion of our future revenues, we believe that we will continue to rely on advertising revenues as one of our major revenue sources for the foreseeable future. Online advertising in China is still relatively new and many of our current and potential advertisers have limited experience with the Internet as an advertising medium, have not traditionally devoted a significant portion of their advertising expenditures or other available funds to Web-based advertising, and may not find the Internet to be effective for promoting their products and services relative to traditional print and broadcast media. Our ability to generate and maintain significant advertising revenue will depend on a number of factors, many of which are beyond our control, including:

- the development of a large base of users possessing demographic characteristics attractive to advertisers;

- the development of software that blocks Internet advertisements before they appear on a user's screen;

. downward pressure on online advertising prices; and

. the effectiveness of our advertising delivery and tracking system.

In addition, China's entry into the World Trade Organization, and the resulting gradual opening of its telecommunications sector, may facilitate more foreign participation in the Chinese Internet market by such companies, for example, as Yahoo! and American Online. Many of these Internet companies have longer operating histories in the Internet market, greater name and brand recognition, larger customer bases and databases and significantly greater financial, technical and marketing resources than we have. The entry of additional, highly competitive Internet companies into the Chinese market would further heighten competition for advertising spending in China.

If the Internet does not become more widely accepted as a medium for advertising, our ability to generate increased revenue will be negatively affected.

Our advertising revenues are subject to the overall state of the online advertising industry which is itself subject to general economic conditions.

Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions as well as budgeting and buying patterns. The demand for Internet advertising in China has been generally stabilizing in recent quarters but it still remains relatively soft as companies are reluctant to expand their marketing and advertising budgets or delay spending their budgeted resources. This has resulted in intense market competition which affected the general pricing in the Internet advertising market in China, and we have had to devote significant resources to maintain and enhance our revenue from advertising.

Because a portion of our revenue is derived from Internet advertising services, our future revenue could be materially and adversely affected if we cannot adapt successfully to new Internet advertising pricing models.

It is difficult to predict which Internet advertising pricing model, if any, will emerge as the industry standard. This makes it difficult to project our future online advertising rates and revenues. For example, in past periods, our obligations to advertisers typically included guarantees of a minimum number of impressions or times that an advertisement appears in pages viewed by users. We have been largely successful in 2002 in moving to advertising contracts whose fees are based on the actual time period that the advertisements appear on the NetEase Web sites rather than based on guaranteed minimum impressions. We cannot predict whether advertisers will continue to agree to this form of advertising arrangement in the near-term or whether new pricing models will emerge which we can successfully adopt and implement. Our advertising services revenues could be materially and adversely affected if we are unable to adapt to new forms of Internet advertising or if we fail to adopt the most profitable form.

Our business and our reputation were materially harmed because we had to restate our financial statements.

Our rapid growth has placed and continues to place a significant strain on our resources. In one particular instance in our history, we have not been able to manage our growth effectively. Specifically, in the second quarter of 2001, our board of directors through its audit committee initiated an investigation into whether the terms of certain contracts between our company and third party advertisers had been appropriately reflected in our financial statements. The audit committee subsequently determined by the end of the investigation that the terms and execution status of certain advertising contracts between our

company and third party advertisers and the nature of certain barter transactions were such that revenue could not be recognized in fiscal year 2000.

We have taken a number of steps to strengthen our controls and procedures to minimize the recurrence of this problem. We are also continuously working to bolster our management team to ensure that the controls and procedures are implemented in a consistent, effective manner. We believe that these improved controls and procedures have been effective, but it is possible that the same or new problems will arise as our business continues to expand. Further, as noted below, we cannot be certain that we will be able to employ and retain suitable senior managers to oversee the implementation of our controls and procedures in the future.

If we make any mistakes in operating our business, our operating results may fluctuate and cause the price of our ADSs to decline.

The success of our business is dependent on our ability to retain our existing key employees and to add and retain new senior officers to our management.

We depend on the services of our existing key employees. Our success will largely depend on our ability to retain these key employees and to attract and retain qualified senior and middle level managers to our management team. We also depend on our ability to attract and retain highly skilled technical, editorial, marketing and customer service personnel in the future. We cannot assure you that we will be able to attract or retain such personnel or that any personnel we hire in the future will successfully integrate into our organization or ultimately contribute positively to our business. The loss of any of our key employees would significantly harm our business. We do not maintain key person life insurance on any of our employees.

In the past, we have not been able to accurately or comprehensively track the delivery of advertisements through the NetEase Web sites, which problem, if it recurs, may make us less attractive to our present and potential advertisers.

We depend on third party proprietary and licensed advertisement serving technology, as well as software which we developed ourselves, to deliver and track all types of advertisements we offer to our advertising customers, such as banner ads, text links, logo displays and pop-up advertisements. Advertisement serving technology allows us to measure the demographics of our user base and the delivery of advertisements on the NetEase Web sites. This technology is still developing. It is important to advertisers that we accurately measure the demographics of the user base of the NetEase Web sites and the delivery of advertisements through the NetEase Web sites. To date, we believe that we have implemented this system successfully, but we cannot be certain that it will be effective as new forms of online advertising arise from time to time. Companies may choose not to advertise on the NetEase Web sites or may pay less for advertising if our advertisement serving system is not perceived to be reliable.

We believe we were a passive foreign investment company for the 2000, 2001 and 2002 taxable years, which will result in adverse U.S. tax consequences to U.S. investors who held our shares or American Depositary Shares during any of those taxable years, and we cannot be certain whether we will be treated as a passive foreign investment company for the 2003 taxable year.

Based upon the nature of our income and assets, we believe we were a passive foreign investment company for U.S. federal income tax purposes for the 2000, 2001 and 2002 taxable years, and we cannot be certain whether we will be treated as a passive foreign investment company for the 2003 taxable year. The determination of whether or not we are a passive foreign investment company is made on an annual basis and depends on the composition of our income and assets, including goodwill, from time to time.

The calculation of goodwill is based, in part, on the then market value of our American Depositary Shares, which is subject to change. In addition, we have made a number of assumptions regarding the calculation of goodwill and the allocation of goodwill among active and passive assets. While we believe our approach is reasonable, the relevant authorities in this area are unclear, so we cannot assure you that our belief that we were a passive foreign investment company for the 2000, 2001 and 2002 taxable years is accurate and we cannot predict with certainty whether we will be treated as a passive foreign investment company for the 2003 taxable year. U.S. investors who owned our shares during any taxable year in which we were a passive foreign investment company generally will be subject to increased U.S. tax liabilities and reporting requirements for those taxable years and all succeeding years, regardless of whether we continue to be a passive foreign investment company for the 2003 taxable year and any succeeding years, although a shareholder election to terminate such deemed passive foreign investment company status may be made in certain circumstances. The same adverse U.S. tax consequences will apply to our U.S. investors who acquire our shares during the 2003 taxable year or any subsequent taxable year if we are treated as a passive foreign investment company for that taxable year. Even if we were not a passive foreign investment company for the 2000, 2001 or 2002 taxable years and/or are not treated as a passive foreign investment company for the 2003 taxable year, we cannot assure you that we will not become a passive foreign investment company for any future taxable year. See "Certain United States Federal Income Tax Consequences."

Our revenues fluctuate significantly and may adversely impact the trading price of our American Depositary Shares or any other securities which become publicly traded.

Our revenues and results of operations have varied significantly in the past and may continue to fluctuate in the future. Many of the factors that cause such fluctuation are outside our control. Steady revenues and results of operations will depend largely on our ability to:

- attract and retain users to the NetEase Web sites in the increasingly competitive Internet market in China;
- successfully implement our business strategies as planned; and
- update and develop our Internet applications, services, technologies and infrastructure.

Usage of our wireless value-added services and online games has typically increased around the Chinese New Year holiday and other traditional Chinese holidays. In contrast, advertising expenditures in China have historically been significantly lower during the first calendar quarter of the year due to the Chinese New Year holiday and the traditional close of advertisers' annual budgets. Expenditures for our e-commerce services have also historically followed the seasonal trend for advertising. If our revenues decrease or expenses increase during these periods, we may not be able to offset our expenses with sufficient revenues.

Accordingly, you should not rely on quarter-to-quarter comparisons of our results of operations as an indication of our future performance. It is possible that future fluctuations may cause our results of operations to be below the expectations of market analysts and investors. This could cause the trading price of our American Depositary Shares or any other securities of ours, such as the notes and the underlying ordinary shares, to decline.

If Guangzhou NetEase, Guangyitong Advertising or Guangyitong Advertising's ultimate shareholders violate our contractual arrangements with them, our business could be disrupted, our reputation may be harmed and we may have to resort to litigation to enforce our rights which may be time consuming and expensive.

Because of current Chinese laws and restrictions, Guangzhou NetEase operates the NetEase Web sites and Beijing Guangyitong Advertising Co., Ltd., or Guangyitong Advertising, an 80%-owned subsidiary of Guangzhou NetEase, operates the online advertising business pursuant to contractual arrangements with us. Guangzhou NetEase is 80% owned by our founder, Chief Architect and a director, William Lei Ding, and 20% owned by our former employee Bo Ding, William Lei Ding's brother. Bo Ding owns the remaining 20% of Guangyitong Advertising.

The interests of the shareholders of Guangzhou NetEase may differ from ours and those of our shareholders because they own a larger percentage of Guangzhou NetEase than of our company. In addition, Guangzhou NetEase, as an Internet content provider, and Guangyitong Advertising, as an advertising firm, may be subject to laws and regulations in China that are incompatible with the business strategies or operations of our company. Guangzhou NetEase, Guangyitong Advertising or Guangyitong Advertising's ultimate shareholders could violate our agreements with them by, among other things, failing to operate and maintain the NetEase Web sites or advertising business in an acceptable manner, failing to remit revenues to us on a timely basis or at all or diverting customers or business opportunities from our company to Guangzhou NetEase. A violation of these agreements could disrupt our business and adversely affect our reputation in the market. If Guangzhou NetEase, Guangyitong Advertising or Guangyitong Advertising's ultimate shareholders violate our agreements with them, we may have to resort to litigation to enforce our rights. This litigation could result in the disruption of our business, diversion of our resources and the incurrence of substantial costs.

Because our contractual arrangements with Guangzhou NetEase, Guangyitong Advertising and Guangyitong Advertising's ultimate shareholders do not detail the parties' rights and obligations, our remedies for a breach of these arrangements are limited.

Our current relationship with Guangzhou NetEase, Guangyitong Advertising and Guangyitong Advertising's ultimate shareholders is based on a number of contracts. The terms of these agreements are often statements of general intent and do not detail the rights and obligations of the parties. Some of these contracts provide that the parties will enter into further agreements on the details of the services to be provided. Others contain price and payment terms that are subject to monthly adjustment. These provisions may be subject to differing interpretations, particularly on the details of the services to be provided and on price and payment terms. It may be difficult for us to obtain remedies or damages from Guangzhou NetEase, Guangyitong Advertising or Guangyitong Advertising's ultimate shareholders for breaching our agreements. Because we rely significantly on Guangzhou NetEase and Guangyitong Advertising for our business, the realization of any of these risks may disrupt our operations or cause degradation in the quality and service provided on, or a temporary or permanent shutdown of, the NetEase Web sites.

Increased government regulation of the information industry in China may result in the Chinese government requiring us to obtain additional licenses or other governmental approvals to conduct our business which, if unattainable, may restrict our operations.

The telecommunications industry, including Internet content provision (known as ICP) services, is highly regulated by the Chinese government, the main relevant government authority being the Ministry of Information Industry or MII. Prior to China's entry into the World Trade Organization, or the WTO, the Chinese government generally prohibited foreign investors from taking any equity ownership

in or operating any telecommunications business. ICP services are classified as telecommunications value-added services and therefore fell within the scope of this prohibition. This prohibition was partially lifted following China's entry into the WTO. Pursuant to the Administrative Rules for Foreign Investments in Telecommunications Enterprises promulgated by the State Council dated December 5, 2001, foreign investors may now hold in the aggregate up to 49% of the total equity in any value-added telecommunications business in China, subject to certain geographic limitations. This percentage ceiling is to be increased to 50% by the second anniversary of China's entry into the WTO.

To operate the NetEase Web sites in compliance with all the relevant ICP-related Chinese regulations, Guangzhou NetEase has successfully obtained an ICP license issued by the Guangdong Provincial Telecommunications Bureau, or Guangdong Bureau, dated as of December 14, 2000. On February 15, 2001, the News Office of the Beijing Municipal People's Government approved Guangzhou NetEase's application in respect of its news displaying services on the NetEase Web sites. As for special approvals for other online services, Guangzhou NetEase has submitted applications for online dissemination of health- and drug-related information and Internet publishing. Guangzhou NetEase has also applied for approval of our online game activities with the Ministry of Culture in accordance with recently adopted regulations.

We rely exclusively on our contractual arrangements with Guangzhou NetEase and its approval to operate as an Internet content provider for our business operations. We believe that our present operations are structured to comply with Chinese law. However, many Chinese regulations are subject to extensive interpretive powers of governmental agencies and commissions. We cannot be certain that the Chinese government will not take action to prohibit or restrict our business activities. We are uncertain as to whether the Chinese government will reclassify our business as a media or retail company, due to our acceptance of Internet advertising fees and e-commerce related services fees as sources of revenues, or as a result of our current corporate structure. Such reclassification could subject us to penalties or fines or significant restrictions on our business. Also, we may fail to obtain some or all the licenses, permits or clearances we may need in the future, including, for example, the requisite approvals for our online game business from the Ministry of Culture. In addition, we may have difficulties enforcing our rights under our agreements with Guangzhou NetEase and Guangyitong Advertising if either of these parties breaches any of our agreements with them because we do not have approval from appropriate Chinese authorities to provide Internet content services or Internet advertising services. Future changes in Chinese government policies affecting the provision of information services, including the provision of online services, Internet access, e-commerce services and online advertising, may impose additional regulatory requirements on us or our service providers or otherwise harm our business.

Our business would be materially harmed if the Chinese government were to take any action against us for the content on the NetEase Web sites.

The Chinese government has enacted regulations governing Internet access and distribution of news and other information over the Internet. In the past, the Chinese government has stopped the distribution of information over the Internet that it believed to be inappropriate. We cannot predict the effect of further developments in the Chinese legal system, particularly with regard to the Internet, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement of laws.

If we are found to be in violation of any existing or future Chinese laws or regulations, the relevant Chinese authorities would have broad discretion in dealing with such a violation, including, without limitation, the following:

. levying fines;

- revoking our business license;

- requiring us to restructure our corporate structure, operations or relationship with Guangzhou NetEase or Guangyitong Advertising; and

- requiring us to discontinue any portion or all of our Internet business or our relationship with Guangzhou NetEase or Guangyitong Advertising.

Any such action would have a material adverse effect on our business, financial condition and results of operations and on the holders of our ordinary shares and American Depositary Shares.

We may not be able to conduct our operations without the services provided by Guangzhou NetEase and Guangyitong Advertising.

Our operations are currently dependent upon our commercial relationships with Guangzhou NetEase and Guangyitong Advertising, and we derive most of our revenues from these companies. A portion of our revenues under our contracts with these companies are based upon arbitrary amounts that have been agreed upon in advance. If these companies are unwilling or unable to perform the agreements which we have entered into with them, we may not be able to conduct our operations in the manner in which we currently plan. In addition, Guangzhou NetEase and Guangyitong Advertising may seek to renew these agreements on terms that are disadvantageous to us. Although we have entered into a series of agreements that provide us with substantial ability to control these companies, we may not succeed in enforcing our rights under them. If we are unable to renew these agreements on favorable terms, or to enter into similar agreements with other parties, our business may not expand, and our operating expenses may increase.

Guangzhou NetEase and Guangyitong Advertising are controlled by our controlling shareholder, who may cause these agreements to be amended in a manner that is adverse to us.

Our majority shareholder, William Lei Ding, is also the controlling shareholder of Guangzhou NetEase and Guangyitong Advertising. As a result, Mr. Ding may be able to cause these agreements to be amended in a manner that will be adverse to our company, or may be able to cause these agreements not to be renewed, even if their renewal would be beneficial for us. Prior to our initial public offering of American Depositary Shares, a number of these agreements were amended. Although we have entered into an agreement that prevents the amendment of these agreements without the approval of the members of our Board other than Mr. Ding, we can provide no assurances that these agreements will not be amended in the future to contain terms that might differ from the terms that are currently in place. These differences may be adverse to our interests.

Unexpected network interruption caused by system failures may reduce visitor traffic and harm our reputation.

Both the continual accessibility of the NetEase Web sites and the performance and reliability of our technical infrastructure are critical to our reputation and the ability of the NetEase Web sites to attract and retain users and advertisers. Any system failure or performance inadequacy that causes interruptions in the availability of our services or increases the response time of our services could reduce user satisfaction and traffic, which would reduce the NetEase Web sites' appeal to users and advertisers. As the number of NetEase Web pages and traffic increase, we cannot assure you that we will be able to scale our systems proportionately. In addition, any system failures and electrical outages could materially and adversely impact our business.

Computer viruses may cause delays or interruptions on our systems and may reduce visitor traffic and harm our reputation.

Computer viruses may cause delays or other service interruptions on our systems. In addition, the inadvertent transmission of computer viruses could expose us to a material risk of loss or litigation and possible liability. We may be required to expend significant capital and other resources to protect the NetEase Web sites against the threat of such computer viruses and to alleviate any problems. Moreover, if a computer virus affecting our system is highly publicized, our reputation could be materially damaged and our visitor traffic may decrease.

Computer hacking could damage our systems and reputation.

Any compromise of security, such as computer hacking, could cause Internet usage to decline. "Hacking" involves efforts to gain unauthorized access to information or systems or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment. Hackers, if successful, could misappropriate proprietary information or cause disruptions in our service. We may have to spend significant capital and human resources to rectify any damage to our system. In addition, we cannot assure you that any measures we take against computer hacking will be effective. A well publicized computer security breach could significantly damage our reputation and materially adversely affect our business.

If our exclusive providers of bandwidth and server custody service fail to provide these services, our business could be materially curtailed.

We rely on affiliates of China Netcom and China Telecom to provide us with bandwidth and server custody service for Internet users to access the NetEase Web sites. If China Netcom, China Telecom or their affiliates fail to provide such services, we may not be able to find a reliable and cost-effective substitute provider on a timely basis or at all. If this happens, our business could be materially curtailed.

If our exclusive providers of bandwidth and server custody service increase their prices, our results of operations would suffer.

NetEase Beijing and Guangzhou NetEase contract with affiliates of China Netcom and China Telecom for bandwidth and server custody services. Pursuant to our contractual arrangements with Guangzhou NetEase, we pay for bandwidth and server custody service costs incurred by Guangzhou NetEase. We have no control over the costs of the bandwidth and server custody services provided by China Netcom, China Telecom or their affiliates. China Netcom or China Telecom or both may increase the prices we pay for these services. If this happens, our operating costs may be higher than we anticipate and our results of operations would suffer.

If third party content providers fail to develop and maintain the content we need, the NetEase Web sites could lose viewers and advertisers.

We rely on a number of third parties to create traffic and provide content in order to make the NetEase Web sites more attractive to advertisers and consumers. Third parties providing content to the NetEase Web sites include both commercial content providers with which we have contractual relationships and our registered community members who post articles and other content on the NetEase Web sites. If these third parties fail to develop and maintain high-quality content, the NetEase Web sites could lose viewers and advertisers. Most of our contractual arrangements with third party content

providers are not exclusive and are short-term or may be terminated at the convenience of either party. There can be no assurance that our existing relationships with commercial content providers will result in sustained business partnerships, successful service offerings, traffic on the NetEase Web sites or revenues for us.

We may be held liable for information displayed on, retrieved from or linked to the NetEase Web sites.

We may face liability for defamation, negligence, copyright, patent or trademark infringement and other claims based on the nature and content of the materials that are published on the NetEase Web sites. We are currently defending a number of defamation claims against NetEase Beijing and are involved in several intellectual property infringement claims or actions. We believe that the amounts claimed in these actions, in the aggregate, are not material to our business. However, these amounts may be increased for a variety of reasons as the claims progress, and we and our affiliates could be subject to additional defamation or infringement claims which, singly or in the aggregate, could have a material adverse effect on our business and results of operations, if successful. We also could be subject to claims based upon content that is accessible on the NetEase Web sites such as content and materials posted by users on message boards, online communities, voting systems, e-mail or chat rooms that are offered on the NetEase Web sites. By providing technology for hypertext links to third-party Web sites, we may be held liable for copyright or trademark violations by those third party sites. Third parties could assert claims against us for losses incurred in reliance on any erroneous information distributed by us. Moreover, users of the NetEase Web-based e-mail services could seek damages from us for:

- unsolicited e-mails;
- lost or misplaced messages;
- illegal or fraudulent use of e-mail; or
- interruptions or delays in e-mail service.

We may incur significant costs in investigating and defending these claims, even if they do not result in liability.

We may be subject to product liability claims because of our e-commerce services.

There is the potential for product liability, warranty, commodity fraud and similar claims against us by users who purchase goods and services through our e-commerce services. We do not carry insurance to cover these kinds of claims.

Information displayed on, retrieved from or linked to the NetEase Web sites may subject us to claims of violating Chinese laws.

Violations or perceived violations of Chinese laws arising from information displayed on, retrieved from or linked to the NetEase Web sites could result in significant penalties, including a temporary or complete cessation of our business. Chinese government agencies have announced restrictions on the transmission of "state secrets" through the Internet. The term "state secrets" has been broadly interpreted by Chinese governmental authorities in the past. We may be liable under these pronouncements for content and materials posted or transmitted by users on message boards, virtual communities, chat rooms or e-mails. The Ministry of National Security and the Ministry of Public

Security have authority to cause any local Internet service provider to block any Web site. These ministries have, in the past, stopped the online distribution of information that they believed to be socially destabilizing or politically improper. If the Chinese government takes any action to limit or eliminate the distribution of information through the NetEase Web sites, or to limit or regulate any current or future community functions available to users or otherwise block the NetEase Web sites, our business would be significantly harmed.

Privacy concerns may prevent us from selling demographically targeted advertising in the future which could make the NetEase Web sites less attractive to advertisers.

We collect demographic data, such as geographic location, income level and occupation, from our registered users in order to better understand users and their needs. We provide this data to online advertisers, on an anonymous aggregate basis, without disclosing personal details such as name and home address, to enable them to target specific demographic groups. If privacy concerns or regulatory restrictions prevent us from collecting this information or from selling demographically targeted advertising, the NetEase Web sites may be less attractive to advertisers.

Security and confidentiality concerns may impede our e-commerce and other services and our growth.

A significant barrier to e-commerce and our other fee-based services has been public concern over security and privacy of confidential information transmitted over the Internet. If this concern is not adequately addressed, it may inhibit the growth of the Internet as a means of conducting commercial transactions. In addition, China's regulation of encryption technology is still evolving, and it is possible that such regulations may limit the methods of encryption that we can employ. If a well-publicized breach of Internet security were to occur, general Internet usage could decline, which could reduce traffic to the NetEase Web sites and impede our growth.

We may not be able to adequately protect our intellectual property, and we may be exposed to infringement claims by third parties.

We rely on a combination of copyright, trademark and trade secrecy laws and contractual restrictions on disclosure to protect our intellectual property rights. Our efforts to protect our proprietary rights may not be effective to prevent unauthorized parties from copying or otherwise obtaining and using our technology. Monitoring unauthorized use of our products is difficult and costly, and we cannot be certain that the steps we take will effectively prevent misappropriation of our technology.

From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources. In addition, third parties have initiated litigation against us for alleged infringement of their proprietary rights, and additional claims may arise in the future. In the event of a successful claim of infringement and our failure or inability to develop non-infringing technology or content or license the infringed or similar technology or content on a timely basis, our business could suffer. Moreover, even if we are able to license the infringed or similar technology or content, license fees that we pay to licensors could be substantial or uneconomical.

If our subsidiaries are restricted from paying dividends to us, our primary internal source of funds would decrease.

We are a holding company with no significant assets other than our equity interests in NetEase Information Technology (Beijing) Co., Ltd., or NetEase Beijing, our wholly owned subsidiary formed in 1999. As a result, our primary internal source of funds is dividend payments from NetEase Beijing. If

NetEase Beijing incurs debt on its own behalf in the future, the instruments governing the debt may restrict NetEase Beijing's ability to pay dividends or make other distributions to us, which in turn would limit our ability to pay dividends on our shares and ADSs or to make any required payments to holders of our notes. Under current Chinese tax regulations, dividends paid to us are not subject to Chinese income tax. In addition, Chinese legal restrictions permit payment of dividends only out of net income as determined in accordance with Chinese accounting standards and regulations. Under Chinese law, NetEase Beijing is also required to set aside a portion of its net income each year to fund certain reserve funds. These reserves are not distributable as cash dividends.

Risks Related to Doing Business in China

A slow-down in the Chinese economy may slow down our growth and profitability.

The growth of the Chinese economy has been uneven across geographic regions and economic sectors. There can be no assurance that growth of the Chinese economy will be steady or that any slow down will not have a negative effect on our business. Several years ago, the Chinese economy experienced deflation, which may reoccur in the foreseeable future. The Chinese economy overall affects our profitability as expenditures for advertisements and e-commerce and other services may decrease due to slowing domestic demand.

Government regulation of the Internet may become more burdensome.

Government regulation of the Internet industry is burdensome and may become more burdensome. New regulations could increase our costs of doing business and prevent us from efficiently delivering our products and services over the Internet. These regulations may stop or slow down the expansion of our customer and user base and limit the access to the NetEase Web sites. In addition to new laws and regulations, existing laws not currently applicable to the Internet industry may be applied to the Internet.

The uncertain legal environment in China could limit the legal protections available to you.

The Chinese legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little precedential value. In the late 1970s, the Chinese government began to promulgate a comprehensive system of laws and regulations governing economic matters. The overall effect of legislation enacted over the past 20 years has significantly enhanced the protections afforded to foreign invested enterprises in China. However, these laws, regulations and legal requirements are relatively recent and are evolving rapidly, and their interpretation and enforcement involve uncertainties. These uncertainties could limit the legal protections available to foreign investors, including you.

Changes in China's political and economic policies could harm our business.

The economy of China has historically been a planned economy subject to governmental plans and quotas and has, in certain aspects, been transitioning to a more market-oriented economy. Although we believe that the economic reform and the macroeconomic measures adopted by the Chinese government have had a positive effect on the economic development of China, we cannot predict the future direction of these economic reforms or the effects these measures may have on our business, financial position or results of operations. In addition, the Chinese economy differs from the economies of most countries belonging to the Organization for Economic Cooperation and Development, or OECD. These differences include:

- economic structure;
- level of government involvement in the economy;
- level of development;
- level of capital reinvestment;
- control of foreign exchange;
- inflation rates;
- methods of allocating resources; and
- balance of payments position.

As a result of these differences, our business may not develop in the same way or at the same rate as might be expected if the Chinese economy were similar to those of the OECD member countries.

Restrictions on currency exchange may limit our ability to receive and use our revenues effectively.

Because almost all of our future revenues may be in the form of Renminbi, any future restrictions on currency exchanges may limit our ability to use revenue generated in Renminbi to fund our business activities outside China or to make dividend or other payments in U.S. dollars. Although the Chinese government introduced regulations in 1996 to allow greater convertibility of the Renminbi for current account transactions, significant restrictions still remain. We cannot be certain that the Chinese regulatory authorities will not impose more stringent restrictions on the convertibility of the Renminbi, especially with respect to foreign exchange transactions.

Risks Related to the Internet Industry in China

Underdeveloped telecommunications infrastructure may limit the growth of the Internet market in China.

The telecommunications infrastructure in China is not well developed. Although private sector Internet service providers exist in China, almost all access to the Internet is maintained through ChinaNet, which is owned in part by each of China Telecom and China Netcom, under the administrative control and regulatory supervision of China's Ministry of Information Industry. In addition, the government's interconnecting national networks connect to the Internet through a government-owned international gateway. This international gateway is the only channel through which a domestic Chinese user can connect to the international Internet network. We rely on this infrastructure and China Netcom to provide data communications capacity primarily through local telecommunications lines. Although the government has announced plans to develop aggressively the national information infrastructure, we cannot assure you that this infrastructure will be developed. In addition, we will have no access to alternative networks and services, on a timely basis if at all, in the event of any infrastructure disruption or failure. The Internet infrastructure in China may not support the demands associated with continued growth in Internet usage.

The limited use of personal computers in China limits our pool of potential customers and restricts the growth of our business.

The Internet penetration rate in China is, and is expected to continue to be, lower than that in the United States and other developed countries. Alternate methods of obtaining access to the Internet, such as through mobile phones, cable television modems or set-top boxes for televisions, are not widely available in China at present. There can be no assurance that the number or penetration rate of personal computers in China will increase rapidly or at all or that alternate means of accessing the Internet will develop and become widely available in China. If significant numbers of Chinese consumers are unable to access the Internet, our ability to grow our business would be impeded.

There has been a steady decrease in the rate of the growth of Internet users in China which could limit the overall size of our market and adversely affect our revenues.

While the number of Internet users in China has been growing since its introduction and continues to grow currently, we believe that the rate of this growth has slowed in recent years. We cannot predict whether this trend will continue at its current pace or at all, and the factors which will affect future growth in the Internet industry in China, as described elsewhere in these Risk Factors, are largely beyond our control. If this trend does continue, our potential market may not be as large as we had expected, and there will be even greater competition for Internet users in China. In that case, our ability to generate revenues from advertising, e-commerce and other services could be adversely affected.

The relatively high cost of accessing the Internet in China limits our potential customer base and restricts the growth of our business.

Our growth is limited by the relatively high cost to Chinese consumers of obtaining the hardware, software and communications links necessary to connect to the Internet in China. If the costs required to access the Internet do not significantly decrease, most of China's population will not be able to afford to use our services. The failure of a significant number of additional Chinese consumers to obtain affordable access to the Internet would make it difficult to grow our business.

We may be unable to compete successfully against new entrants and established industry competitors.

The Chinese market for Internet content and services is intensely competitive and rapidly changing. Barriers to entry are minimal, and current and new competitors can launch new Web sites at a relatively low cost. Many companies offer competitive products or services including Chinese language-based Web search, retrieval and navigation services, wireless value-added services, online games and extensive Chinese language content, informational and community features and e-mail. In addition, as a consequence of China joining the World Trade Organization, the Chinese government has partially lifted restrictions on foreign-invested enterprises so that foreign investors may hold in the aggregate up to 49% of the total equity ownership in any value-added telecommunications business, including an Internet business, in China. This percentage ceiling is to be increased to 50% by the second anniversary of China's entry into the WTO.

Currently, our competition comes from Chinese language-based Internet portal companies as well as U.S.-based portal companies. Some of our current and potential competitors are much larger and better capitalized than we are, and currently offer, and could further develop or acquire, content and services that compete with the NetEase Web sites. We also face competition from online game developers and operators, Internet service providers, wireless value-added service providers, Web site operators and providers of Web browser software that incorporate search and retrieval features. Any of our present or

future competitors may offer products and services that provide significant performance, price, creativity or other advantages over those offered by us and, therefore, achieve greater market acceptance than ours.

Because many of our existing competitors as well as a number of potential competitors have longer operating histories in the Internet market, greater name and brand recognition, better connections with the Chinese government, larger customer bases and databases and significantly greater financial, technical and marketing resources than we have, we cannot assure you that we will be able to compete successfully against our current or future competitors. Any increased competition could reduce page views, make it difficult for us to attract and retain users, reduce or eliminate our market share, lower our profit margins and reduce our revenues.

Risks Related to the Offering of These Securities

One shareholder will have significant control over the outcome of shareholder votes after this offering.

As of September 30, 2003, our founder and Chief Architect, William Ding, beneficially owned approximately 50% of our outstanding ordinary shares. Assuming all the notes could be, and are, immediately converted into ordinary shares at the conversion price set forth on the cover page of this prospectus, he will beneficially own approximately 47% of our outstanding ordinary shares. Accordingly, Mr. Ding will continue to have significant control over the outcome of any corporate transaction or other matter submitted to our shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets.

The price of our ADSs has been volatile historically and may continue to be volatile, which may make it difficult for holders to resell the notes, ordinary shares issuable upon conversion of the notes or ADSs representing such ordinary shares when desired or at attractive prices.

The trading price of our ADSs has been and may continue to be subject to wide fluctuations. During 2002, the closing sale prices of our ADSs on The Nasdaq National Market ranged from $0.70 to $13.05 per share and the last reported sale price on October 6, 2003 was $66.19 per share. Our ADS price may fluctuate in response to a number of events and factors. In addition, the stock market in general, and the market prices for Internet-related companies in particular, have experienced extreme volatility that often has been unrelated to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the price of our ADSs, regardless of our operating performance. Because the notes are convertible into our ordinary shares and our ADSs represent ordinary shares, volatility or depressed prices for our ADSs could have a similar effect on the price of the notes and our ordinary shares. In addition, the existence of the notes may encourage short selling in our ADSs by market participants because the conversion of the notes could depress the price of our ADSs.

An active trading market for the notes or the ordinary shares issuable upon conversion does not yet exist and may never develop.

There currently is no active trading market for the notes or the ordinary shares issuable upon conversion of the notes and there can be no assurance as to:

- the liquidity of any market for the notes or ordinary shares that may develop,
- the ability of the holders to sell their notes or ordinary shares, or

- the prices at which holders of the notes or ordinary shares would be able to sell their securities.

If active markets were to exist, the notes or ordinary shares issuable upon conversion could trade at prices higher or lower than their initial purchase prices depending on many factors. We do not intend to apply for listing of the notes or ordinary shares issuable upon conversion on any securities exchange or for quotation on The Nasdaq National Market.

Resales of the notes and our ordinary shares issuable upon conversion of the notes are subject to significant restrictions, and you will have to satisfy certain requirements in order to deposit any ordinary shares you receive upon conversion of the notes for the issuance of ADSs.

The notes and our ordinary shares issuable upon conversion of the notes may be offered or sold only if:

- an applicable exemption from the registration requirements of the Securities Act and applicable state securities laws applies to the circumstances of the sale; or

- a registration statement covering the resale of these securities is filed with the SEC and declared effective.

Although we are required to register resales of the notes and our ordinary shares issuable upon conversion of the notes for a period of time (and this prospectus is a part of a registration statement filed by us to fulfill this requirement), the registration statement may not be available to holders at all times. In addition, selling securityholders may be subject to certain restrictions and potential liability under the Securities Act. Further, although a market currently exists on The Nasdaq National Market for our ADSs, each of which currently represents 100 ordinary shares, you will be obligated to provide certain information in order for you to deposit your ordinary shares for the issuance of ADSs as may be required by The Bank of New York, which is the depositary for the ADS program, to establish that the shares and the ADSs that will be issued upon the deposit will not be subject to any transfer restrictions as described under "Description of American Depositary Shares." Specifically, The Bank of New York has informed us that it intends to require holders who wish to deposit ordinary shares that may have been issued upon conversion of the notes to provide evidence satisfactory to it that:

(i) the shares have been resold in a transaction that is effectively registered under the above-referenced resale registration statement,

(ii) the shares have been resold in a transaction that complies with Rule 144 under the Securities Act or

(iii) the exemption provided by Rule 144(k) under the Securities Act is available and we have removed the transfer restriction legend from the share certificate at the holder's request.

Such holders may also be required to deliver a legal opinion to The Bank of New York to that effect at their own expense. If you cannot deposit your ordinary shares for the issuance of ADSs in connection with a resale because the registration statement discussed above is not effective at the time, the value and liquidity of your investment could be materially adversely affected.

Fluctuation in the exchange rate between the U.S. dollar and the Renminbi could adversely affect the value of our ADSs, and therefore of the notes and the ordinary shares issuable upon conversion, and any cash dividend declared on our ordinary shares.

Fluctuations in the currency exchange rate between the U.S. dollar and the Renminbi could adversely affect the U.S. dollar value of ADSs, and therefore of the notes and the ordinary shares issuable upon conversion of the notes. Because holders of our ordinary shares and ADSs may elect to receive cash dividends, if any, in U.S. dollars, fluctuations in the exchange rate could also affect the value of any cash dividend declared in Renminbi and paid in U.S. dollars. In addition, because our revenues are primarily denominated in Renminbi, our valuation could be materially and adversely impacted by the devaluation of the Renminbi if U.S. investors analyze our value based on the U.S. dollar equivalent of our financial condition and results of operations.

The notes are subordinated to any of our existing and future senior indebtedness and are effectively subordinated to all liabilities of our subsidiaries. Therefore, we may be unable to repay our obligations under the notes.

The notes will be unsecured and subordinated in right of payment in full to all of our existing and future senior debt. Because the notes are subordinated to our senior debt, in the event of:

(i) our liquidation or insolvency,

(ii) a payment default on our designated senior debt,

(iii) a covenant default on our designated senior debt (as defined in "Description of Notes--Subordination of Notes"), or

(iv) acceleration of the notes due to an event of default,

we will make payments on the notes only after our senior debt has been paid in full or, in the case of clause (3), the designated senior debt has not been accelerated within 179 days. After paying our senior debt in full, we may not have sufficient assets remaining to pay any or all amounts due on the notes.

Our subsidiaries are separate legal entities and have no obligation to make any payments on the notes or make any funds available for payment on the notes, whether by dividends, loans or other payments. The payment of dividends and the making of loans and advances to us by our subsidiaries may be subject to statutory or contractual restrictions and are dependent upon the earnings of our subsidiaries. Our subsidiaries will not guarantee the payment of the notes. Our right to receive assets of any of our subsidiaries upon their liquidation or reorganization, and your right to participate in these assets, will be effectively subordinated to the claims of that subsidiary's creditors. Consequently, the notes will be effectively subordinated to all liabilities, including trade payables, of any of our subsidiaries and any subsidiaries that we may in the future acquire or establish, except to the extent that we are recognized as a creditor of such subsidiary, in which case our claims would still be subordinated to any security interests in the assets of such subsidiary and any debt of such subsidiary senior to that held by us.

As of June 30, 2003, (i) we had no debt outstanding and total liabilities of $6.0 million and (ii) our subsidiaries had no outstanding indebtedness, other than intercompany indebtedness and other normal trade payables and liabilities. Neither we nor our subsidiaries are prohibited or limited under the Indenture for the notes from incurring debt or acting as guarantors of debt for others in whom we or our subsidiaries may have an interest. Our ability to pay our obligations on the notes could be adversely affected by our or our subsidiaries' incurrence of indebtedness or other liabilities. We and our subsidiaries may from time to

time incur indebtedness and other liabilities, including senior debt. See "Description of Notes--Subordination of Notes."

We may not have the ability to repurchase the notes in cash if a holder exercises its repurchase right on the dates specified in this prospectus or upon the occurrence of a change of control or a delisting.

Holders of the notes have the right to require us to repurchase the notes at certain specified dates and upon the occurrence of a fundamental change, such as a change of control, or a delisting of our securities, prior to maturity as described under the headings "Description of the Notes--Repurchase of Notes at the Option of the Holder on Specified Dates," "Description of the Notes--Repurchase at Option of a Holder Upon a Fundamental Change" and "Description of the Notes--Repurchase at Option of a Holder Upon a Delisting Event." We may not have sufficient funds to make the required repurchase in cash at such time or the ability to arrange necessary financing on acceptable terms. In addition, our ability to repurchase the notes in cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. Our failure to repurchase tendered notes would constitute an event of default under the Indenture for the notes, which might constitute a default under any other debt we may have. In such circumstances, or if a fundamental change would constitute an event of default under our senior indebtedness, the subordination provisions of the Indenture would possibly limit or prohibit payments to you.

The conditional conversion feature of the notes could result in you receiving less than the value of the ordinary shares into which a note is convertible.

The notes are convertible into our ordinary shares only if specified conditions are met. If the specific conditions for conversion are not met, you will not be able to convert your notes, and you may not be able to receive the value of the ordinary shares into which the notes would otherwise be convertible.

Sales of a significant number of ADSs in the public market, or the perception of such sales, could reduce the price of the notes and impair our ability to raise funds in new security offerings.

Sales of substantial amounts of our ADSs in the public market after this offering, or the perception that those sales may occur, could cause the market price of our ADSs to decline. Because the notes are convertible into ordinary shares only at a conversion price in excess of the reference price of our ordinary shares determined based on the applicable ADS trading price, such a decline in the market price of our ADSs may cause the value of the notes to decline.

You may face difficulties in protecting your interests, and our ability to protect our rights through the U.S. federal courts may be limited, because we are incorporated under Cayman Islands law.

Our corporate affairs are governed by our memorandum and articles of association and by the Companies Law (2003 Revision) and common law of the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the Cayman Islands has a less developed body of securities laws as compared to the U.S., and provides significantly less protection to investors. Therefore, our shareholders may have more difficulties in protecting their interests in the face of actions by our management, directors or controlling shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States. In addition, Cayman Islands companies may not have standing to sue before the federal courts of the United States. As a result, our ability to protect our interests if we are harmed in a manner that would otherwise enable us to sue in a United States federal court may be limited.

USE OF PROCEEDS

The proceeds from the sale of the notes and the ordinary shares offered by this prospectus are solely for the account of the selling securityholders named in this prospectus. Accordingly, we will not receive any proceeds from the sale of the notes or the ordinary shares offered by this prospectus.

PRICE RANGE OF AMERICAN DEPOSITARY SHARES

ADSs, each representing 100 of our ordinary shares, have been listed on The Nasdaq National Market since June 30, 2000. Our ADSs trade under the symbol "NTES." Trading in our ADSs was suspended by The Nasdaq National Market from September 4, 2001 until January 2, 2002.

For the year ended December 31, 2000 (June 30, 2000 through December 31, 2000), the high and low price of our ADSs on Nasdaq has ranged from $17.25 to $2.75. For the year ended December 31, 2001 (January 1, 2001 through September 4, 2001), the high and low price of our ADSs on Nasdaq has ranged from $3.28125 to $0.51. For the year ended December 31, 2002, the high and low price of our ADSs on Nasdaq has ranged from $13.74 to $0.65.

The following table provides the high and low sale prices for our ADSs on The Nasdaq National Market for (1) each quarter in the two most recent financial years and the first two quarters of 2003 and (2) each of the most recent six months. On October 6, 2003, the last reported sale price for our ADSs was $66.20 per ADS.

	Sales Price	
	High	Low
Quarterly highs and lows		
First Quarter 2001	$ 3.28125	$ 1.00
Second Quarter 2001	2.45	1.12
Third Quarter 2001 (until September 4, 2001)	1.55	0.52
Fourth Quarter 2001	Trading Suspended	
First Quarter 2002	1.47	0.65
Second Quarter 2002	1.57	0.67
Third Quarter 2002	3.65	1.40
Fourth Quarter 2002	13.74	1.80
First Quarter 2003	17.90	10.10
Second Quarter 2003	37.35	14.34
Third Quarter 2003	69.20	33.90
Monthly highs and lows		
April 2003	$ 23.40	$ 14.34
May 2003	33.80	21.00
June 2003	37.35	28.17
July 2003	52.21	33.90
August 2003	51.90	38.81
September 2003	69.20	50.80

EXCHANGE RATE INFORMATION

We have published our financial statements in Renminbi, or RMB. Our business is currently conducted in and from China in Renminbi. In this annual report, all references to Renminbi and RMB are to the legal currency of China and all references to U.S. dollars, dollars, $ and US$ are to the legal currency of the United States. The conversion of Renminbi into U.S. dollars in this annual report is based on the noon buying rate in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York. For your convenience, this annual report contains translations of some Renminbi or U.S. dollar amounts for 2003 at US$1.00: RMB8.2776, which was the prevailing rate on June 30, 2003. The prevailing rate on October 3, 2003 was US$1.00: RMB8.2770. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all. The Chinese government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade.

The following table sets forth the average buying rate for Renminbi expressed as per one U.S. dollar for the years 1998, 1999, 2000, 2001 and 2002 and for the six months ended June 30, 2003.

Period	Renminbi Average/(1)/
1998	8.2969
1999	8.2785
2000	8.2784
2001	8.2772
2002	8.2772
Six Months Ended June 30, 2003	8.2772

(1) Determined by averaging the rates on the last business day of each month during the relevant period.

The following table sets forth the high and low exchange rates for Renminbi expressed as per one U.S. dollar during the past six months.

	Renminbi Average	
Month Ended	High	Low
April 30, 2003	8.2774	8.2769
May 31, 2003	8.2771	8.2768
June 30, 2003	8.2776	8.2768
July 31, 2003	8.2776	8.2768
August 31, 2003	8.2775	8.2766
September 30, 2003	8.2775	8.2768

DIVIDEND POLICY

We have never declared or paid any cash dividends on our ordinary shares, but it is possible that we may declare dividends in the future. We have historically retained earnings to finance operations and the expansion of our business. Any future determination to pay cash dividends will be at the discretion of the board of directors and will be dependent upon our financial condition, operating results, capital requirements and such other factors as the board of directors deems relevant. Our payment of certain dividends may cause an adjustment to the number of ordinary shares or amount of cash you receive upon conversion of the notes as described under "Description of Notes--Conversion Rights."

CAPITALIZATION

The following table sets forth our capitalization as of August 31, 2003. This table should be read in conjunction with "Selected Consolidated Financial Data" and our financial statements and related notes, which are incorporated by reference in this prospectus. The table below does not reflect any changes occurring after August 31, 2003.

	As of August 31, 2003	
	(in RMB) (Unaudited)	(in US$) (Unaudited)
Cash and cash equivalents	1,536,489,096	185,629,089
Long-term liabilities:		
Zero Coupon Convertible Subordinated Notes due July 15, 2023	827,720,000	100,000,000
Other long-term liabilities	316,315	38,215
Total long-term liabilities	828,036,315	100,038,215
Shareholders' equity/(1)/		
Ordinary shares, US$0.0001 par value: 1,000,300,000 shares authorized, 3,122,519,189 shares issued and outstanding as of August 31, 2003	2,585,038	312,308
Additional paid-in capital	990,538,234	119,670,690
Deferred compensation	(177,872)	(21,489)
Translation adjustments	205,790	24,862
Accumulated deficit	(243,889,597)	(29,465,229)
Total shareholders' equity	749,261,593	90,521,142
Total capitalization	1,577,297,908	190,559,357

Note: Translations of amounts from RMB into U.S. dollars for the convenience of the reader were calculated at the noon buying rate of US$1.00=RMB8.2772 as of August 29, 2003 (the last business day of the month) in The City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into United States dollars at that rate on August 29, 2003, or at any other rate.

(1) Outstanding ordinary shares does not include (i) options to purchase 176,999,300 ordinary shares outstanding under our stock option plan at a weighted average exercise price of US$0.0871 per ordinary share, and 234,079,824 additional shares available for grant under our Amended and Restated 2000 Stock Incentive Plan as of August 31, 2003 and (ii) 210,000,000 ordinary shares reserved for issuance upon conversion of the notes.

SELECTED CONSOLIDATED FINANCIAL DATA

The following data for the six months ended June 30, 2002 and June 30, 2003 and as of December 31, 2002 and June 30, 2003 have been derived from our unaudited condensed consolidated financial statements for the six months ended June 30, 2002 and 2003 and our audited financial statements as of December 31, 2002, which, in our opinion, include all adjustments consisting of normal recurring adjustments necessary for a fair presentation of the results of the unaudited interim period, and should be read in conjunction with those statements, which are included in this prospectus beginning on page F-1 and incorporated by reference into this prospectus.

	For the Six Months Ended		
	June 30, 2002	June 30, 2003	June 30, 2003
	RMB (Unaudited)	RMB (Unaudited)	USD (Unaudited) (Note)
Statement of Operations Data:			
Revenues:			
E-commerce and other services	50,305,380	221,110,803	26,711,946
Advertising services	1,975,760	32,821,080	3,965,048
Software licensing and related integration projects	157,539	165,115	19,947
Total revenues	62,438,679	254,096,998	30,696,941
Sales and value-added taxes	(3,122,580)	(12,704,850)	(1,534,847)
Net revenues	59,316,099	241,392,148	29,162,094
Cost of revenue:			
E-commerce and other services and advertising services	(29,002,467)	(42,104,054)	(5,086,505)
Share compensation cost	(954,064)	-	-
Total cost of revenues	(29,956,531)	(42,104,054)	(5,086,505)
Gross profit	29,359,568	199,288,094	24,075,589
Operating expenses:			
Selling, general and administrative expenses	(44,164,828)	(49,276,764)	(5,953,025)
Asset impairment loss	(746,857)	-	-
Research and development expenses	(7,449,972)	(8,286,157)	(1,001,034)
Share compensation cost	(1,243,421)	(278,224)	(33,612)
Total operating expenses	(53,605,078)	(57,841,145)	(6,987,671)
Operating profit (loss)	(24,245,510)	141,446,949	17,087,918
Other income (expenses):			
Interest income	4,230,815	3,646,491	440,525
Interest expenses	(1,209,117)	-	-
Other, net	3,468,434	5,673,376	685,389
Profit (loss) before tax	(17,755,378)	150,766,816	18,213,832
Income tax charge	-	(6,064,414)	(732,630)

Net profit (loss)	(17,755,378)	144,702,402	17,481,202
Net earnings (loss) per share, basic	(0.01)	0.05	0.01
Net earnings (loss) per ADS, basic	(0.59)	4.64	0.56
Net earnings (loss) per share, diluted	(0.01)	0.04	0.01
Net earnings (loss) per ADS, diluted	(0.59)	4.47	0.54
Weighted average number of ordinary shares outstanding, basic	3,033,407,311	3,118,601,020	3,118,601,020
Weighted average number of ADS outstanding, basic	30,334,073	31,186,010	31,186,010
Weighted average number of ordinary shares outstanding, diluted	3,033,407,311	3,237,539,818	3,237,539,818
Weighted average number of ADS outstanding, diluted	30,334,073	32,375,398	32,375,398

Note: The conversion of RMB into U.S. dollars is based on the noon buying rate of USD1.00=RMB8.2776 on June 30, 2003 in The City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into U.S. dollars at that rate on June 30, 2003, or at any other rate.

	As of		
	December 31, 2002	June 30, 2003	June 30, 2003
	RMB	RMB (Unaudited)	USD (Unaudited) (Note)
Balance Sheet Data:			
Assets:			
Current assets:			
Cash	560,069,711	728,706,065	88,033,496
Restricted cash	1,208,305	1,217,622	147,098
Prepayments and other current assets	6,110,689	11,839,622	1,430,321
Due from related parties, net	22,448,509	8,063,540	974,140
Total current assets	589,837,214	749,826,849	90,585,055
Non-current rental deposit	1,065,912	1,273,337	153,829
Property, equipment and software, net	26,379,182	25,680,523	3,102,412
Deferred tax assets	2,395,888	9,387,280	1,134,058
Total assets	619,678,196	786,167,989	94,975,354

Liabilities & Shareholders' Equity:			
Current liabilities:			
Accounts payable	3,814,614	4,419,563	533,919
Salary and welfare payable	16,023,380	13,089,024	1,581,258
Taxes payable	8,252,950	19,900,665	2,404,159
Deferred revenue	165,115	-	-
Accrued liabilities	10,398,385	12,319,852	1,488,336
Total current liabilities	38,654,444	49,729,104	6,007,672
Long-term payable	-	316,315	38,213
Total liabilities	38,654,444	50,045,419	6,045,885
Shareholders' equity:			
Ordinary shares, US$0.0001 par value: 1,000,300,000,000 shares authorized, 3,100,162,537 shares issued and outstanding as of December 31, 2002, and 3,145,561,689 shares issued and outstanding as of June 30, 2003	2,566,543	2,604,111	314,597
Additional paid-in capital	1,049,651,354	1,059,750,050	128,026,246
Less: Subscriptions receivable	(33,113,848)	(33,113,848)	(4,000,416)
Deferred compensation	(474,739)	(196,515)	(23,741)
Translation adjustments	228,910	210,838	25,471
Accumulated deficit	(437,834,468)	(293,132,066)	(35,412,688)
Total shareholders' equity	581,023,752	736,122,570	88,929,469
Total liabilities and shareholders' equity	619,678,196	786,167,989	94,975,354

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Note: The conversion of RMB into U.S. dollars is based on the noon buying rate of USD1.00=RMB8.2776 on June 30, 2003 in The City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into U.S. dollars at that rate on June 30, 2003, or at any other rate.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion regarding our unaudited consolidated financial data should be read together with our unaudited condensed consolidated financial statements and their related notes included in this prospectus and our consolidated financial statements and related notes, "Operating and Financial Review and Prospects" and "Selected Financial Data" incorporated by reference in this prospectus. The following discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements regarding our expectations, beliefs, intentions or future strategies that are signified by the words "expect", "anticipate", "intend", "believe", or similar language. All forward-looking statements included in this prospectus are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. In evaluating our business, you should carefully consider the information provided under the caption "Risk Factors" in this prospectus. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

Overview

NetEase is a leading Internet technology company in China. Our innovative online communities and personalized premium services, which allow registered users to interact with other community members, have established a large and stable user base for the NetEase Web sites which are operated by our affiliate. As of September 30, 2003, we had registered approximately 143.8 million accounts, and our average daily page views exceeded 329.2 million for the month ended September 30, 2003.

In the first half of 2003, we continued to develop our various fee-based premium services and online entertainment services, including wireless value-added services, online games, premium e-mail services for individual users and other subscription-type products. Our fee-based revenue accounted for approximately 87% of our total revenue for the six months ended June 30, 2003. We also believe that advertising revenue will continue to be one of our significant revenue sources for the foreseeable future, but we anticipate that the revenue generated by these fee-based premium services and online entertainment services will continue to constitute the major portion of our future revenue.

We achieved a net profit of RMB144.7 million (US$17.5 million) for the six months ended June 30, 2003 and generated positive operating cash flows of RMB165.9 million (US$20.0 million) during that period. Our accumulated deficit was reduced from RMB437.8 million (US$52.9 million) as of December 31, 2002 to RMB293.1 million (US$35.4 million) as of June 30, 2003. These accumulated losses have been funded principally with proceeds from the issuance of our American Depositary Shares at our initial public offering, which was completed in July 2000, and our previous private share offerings.

Our Corporate Structure

NetEase.com, Inc. was incorporated in the Cayman Islands on July 6, 1999 as an Internet technology company in China. As of June 30, 2003, we had four directly wholly owned subsidiaries, NetEase Information Technology (Beijing) Co., Ltd., or NetEase Beijing, NetEase Information Technology (Shanghai) Co., Ltd., or NetEase Shanghai, NetEase (U.S.) Inc., or NetEase US, and NetEase Interactive Entertainment Limited, or NetEase Interactive, which has a direct wholly owned subsidiary, Guangzhou NetEase Interactive Entertainment Limited, or Guangzhou Interactive.

NetEase Beijing and NetEase Shanghai were established in China on August 30, 1999 and May

14, 2000, respectively. NetEase US was established in the United States of America on September 10, 1999. NetEase Interactive was established in the British Virgin Islands on April 12, 2002, and Guangzhou Interactive was established in China on October 15, 2002.

As the exclusive Internet technology provider to Guangzhou NetEase Computer System Co. Ltd., or Guangzhou NetEase, we provide a variety of Internet applications, technologies and services to support Guangzhou NetEase's operation of the NetEase Web sites and our e-commerce related services.

Guangzhou NetEase is a limited liability company organized under the laws of China and is controlled and owned by our principal shareholder. Guangzhou NetEase has been approved by the Chinese authorities to operate as an Internet content provider and operates the NetEase Web sites. Guangzhou NetEase's 80% owned subsidiary, Beijing Guangyitong Advertising Co., Ltd., or Guangyitong Advertising, is licensed by the Chinese authorities to operate an advertising business and engages in Internet-related advertising design, production and dissemination.

We have entered into a series of contractual arrangements with Guangzhou NetEase and Guangyitong Advertising with respect to the operation of the NetEase Web sites and the provision of advertising services. Our services to Guangyitong Advertising constitute the majority of our advertising-related operations.

NetEase US remained inactive during the six months ended June 30, 2003.

Revenues

Our total revenue increased from RMB62.4 million in the six months ended June 30, 2002 to RMB254.1 million (US$30.7 million) in the six months ended June 30, 2003. We generate our revenue from e-commerce and other services, advertising services and software licensing and related integration projects. In mid-1998, we changed our business model from a software developer to an Internet technology company. In July 1999, we began to offer e-commerce platforms and to provide online auction services in China through Guangzhou NetEase, a related party. Thereafter, we operated a co-branded auction Web site with EachNet which was ultimately terminated in July 2002, at which time we restarted our own online auction platform providing free auction services to our registered users until June 2003. In 2001, we also began focusing on fee-based premium services and online entertainment services, including wireless value-added services, online games, premium e-mail services and other subscription-type products. Our focus on these services continued throughout the first six months of 2003.

Other than revenue from our related parties, Guangzhou NetEase and Guangyitong Advertising, no customer individually accounted for greater than 10% of our total revenue for the first six months of 2003.

E-commerce and Other Services Revenue

We currently derive all our e-commerce and other services revenue from fees earned pursuant to a series of agreements with Guangzhou NetEase, a related party, under which we provide Internet portal and e-commerce technologies and advertising services to Guangzhou NetEase in exchange for a service fee. The service fee that we charge includes substantially all of the e-commerce and other services revenue recognized by Guangzhou NetEase, net of a 5.5% business tax and certain surcharges that apply to the revenues recognized by Guangzhou Netease.

Guangzhou NetEase earns its e-commerce related services revenue from wireless value-added services, online games and other fee-based premium services.

Wireless Value-Added Services

Guangzhou NetEase receives wireless value-added services revenue which are currently predominantly derived from activities related to short messaging services (known as SMS). Guangzhou NetEase derives wireless value-added services revenue principally from providing value-added services through SMS to users such as friends matching, news and information services, ring-tone and logo downloads and various other related products that mobile phone users can access under co-operative arrangements between Guangzhou NetEase and two Chinese mobile phone operators, China Mobile and China Unicom. Recently, there has been a consolidation in the market for products and services for users of SMS, resulting in an overall strengthening of competition in 2003. To maintain and grow our position in this market, we intend to continue improving our existing products and services and developing new ones, but these efforts may not be successful.

We are also focusing on developing products and services that can be utilized in emerging wireless technologies. For example, beginning in July 2002, Guangzhou NetEase also derived wireless value-added services revenue under a separate cooperative arrangement with each of the Chinese mobile phone operators by providing wireless application protocol (known as WAP) services to mobile phone users with phones using the General Packet Radio Service (known as GPRS) or CDMA1X wireless standards. More recently, in April 2003, we started to offer products and services for users of multi-media messaging services (known as MMS) under an additional co-operative agreement with one of the Chinese mobile phone operators. We expect that our revenue derived from new services we develop that are compatible with these and other new wireless technologies will represent a larger portion of our wireless value-added services revenue in the future as these new technologies become more widely available. However, we cannot be certain that these new technologies or the products and services we develop for them will be successful, and we expect to see increasing competition in this area.

Online Games

Guangzhou NetEase receives all its online games revenue from its customers through the sale of prepaid point cards. Customers can purchase prepaid point cards in different locations in China, including Internet cafes, convenience stores, supermarkets and bookstores, etc. Customers can register their point cards in our system and use the points in the cards to play our massively multi-player online role-playing games and use our other fee-based services. We develop our own proprietary massively multi-player online role-playing games, as well as license games from third party developers. We expect that we will face continued competition as online game providers, mainly from South Korea and to a lesser extent from the U.S., expand their presence in this market or enter it for the first time.

Other Fee-Based Premium Services

Other fee-based premium services include premium e-mail, friends matching and dating services, personal homepage hosting and online shopping mall.

Advertising Services Revenue

We derive all our advertising services revenue from fees we earn from Guangyitong Advertising, a related party, for services that we provide in connection with advertisements placed on the NetEase Web sites and advertising-related technical consulting services. We have entered into an agreement with Guangyitong Advertising under which we are the exclusive provider of advertising-related technical consulting services to Guangyitong Advertising and under which we receive a service fee. The service fee that we charge includes substantially all of the advertising revenue of Guangyitong Advertising less all of

the accrued expenses incurred by Guangyitong Advertising, and net of a 5% business tax, a 3% cultural development fee and certain surcharges that apply to these revenues.

Software Licensing and Related Integration Projects Revenue

In the six months ended June 30, 2003, this category of revenue included certain corporate solution services to a customer in connection with the purchase of servers and computer equipment, development of software and custody and maintenance of servers.

Although we continue to perform occasional corporate solutions services for customers upon request, we expect this category of revenue to remain immaterial to our business.

Cost of Revenues

E-commerce and Other Services and Advertising Services Costs

E-commerce and other services and advertising services costs represent those direct costs for operating the NetEase Web sites, which consist primarily of server custody and bandwidth fees, content fees, staff costs, share compensation cost, depreciation and amortization of computers and software and other direct costs.

NetEase Beijing, NetEase Shanghai and Guangzhou NetEase lease bandwidth from China Telecom and China Netcom affiliates. NetEase Beijing and Guangzhou NetEase have network servers co-located in facilities owned by China Telecom's and China Netcom's affiliates, for which they pay custody fees to China Telecom and China Netcom. In addition, as a result of our arrangements with Guangzhou NetEase, we also pay for Guangzhou NetEase's bandwidth lease payments and server custody fees on a monthly basis. These costs are recognized in full as incurred.

Staff costs consist primarily of compensation expenses for our e-commerce and editorial professionals and also for our staff in our online games business department, in particular, a group of employees known as the "Game Masters" who are responsible for the daily co-ordination and regulation of the activities inside our games' virtual worlds.

We depreciate our computer equipment, software and other assets (other than leasehold improvements) on a straight-line basis over their estimated useful lives, which range from two to five years.

Software Licensing and Related Integration Projects Costs

We did not incur any direct costs relating to software licensing and related integration projects in the six months ended June 30, 2003 and 2002.

Operating Expenses

Operating expenses include selling, general and administrative expenses and research and development expenses.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of marketing and advertising; salary and welfare expenses and share compensation costs; office rental; recruiting expenses; travel expenses and depreciation charges. We depreciate leasehold improvements, which are included in our operating expenses, on a straight-line basis over the lesser of the relevant lease term or their estimated useful lives.

Research and Development Expenses

Research and development expenses consist principally of compensation for our research and development professionals.

Share Compensation Cost

In December 1999, we adopted a stock incentive plan, called the 1999 Stock Option Plan, for our employees, senior management and advisory board. In 2000, we replaced the 1999 Stock Option Plan with a new stock option plan, called the 2000 Stock Option Plan. The 2000 Stock Option Plan was subsequently amended and restated in May 2001. During the six months ended June 30, 2003, we granted options to our employees and certain members of our senior management under the 2000 Stock Option Plan. The vesting period for these options is four years. In addition, certain of the options granted were cancelled as a result of the resignation of these personnel.

For the six months ended June 30, 2003, we recorded share compensation cost of approximately RMB0.3 million (US$33,612). This cost has been allocated to (i) selling, general and administrative expenses and (ii) research and development expenses, depending on the functions for which these personnel and employees are responsible. The significant reduction in the share compensation costs recorded for the six months ended June 30, 2003 as compared to the same period in 2002 was due to the fact that the deferred compensation costs arising from the share grants to certain members of senior management of the Company and the share transfers from the principal shareholder to certain members of senior management and employees of the Company during the years 1999 and 2000 were fully amortized in accordance with the related vesting periods of the share grants and share transfers by the end of 2002.

As of June 30, 2003, deferred compensation cost relating to share option grants in the six months ended June 30, 2003 or prior years amounted to RMB0.2 million (US$23,741), which is to be amortized and charged to expense in subsequent periods. We may also incur additional share compensation cost in the remainder of 2003 as a result of the possible recruitment of additional management personnel and the granting of new share options to these personnel and other members of our staff.

Income Taxes

Under the current laws of the Cayman Islands, we are not subject to tax on income or capital gain. However, our revenues are primarily derived from our Chinese subsidiaries. Chinese companies are generally subject to a 30% national enterprise income tax, or EIT, and a 3% local income tax. Our subsidiary, NetEase Beijing, received the relevant approval to be recognized as a "New and High Technology Enterprise". According to the approval granted by the Haidian State Tax Bureau in November 2000, NetEase Beijing is entitled to a reduced EIT rate of 15% commencing from the year 2000. In addition, the approval also granted NetEase Beijing with a full exemption from EIT from 2000 to 2002, a 50% reduction in EIT from 2003 to 2005, and a full exemption from the local tax from 2000 onwards. However, these preferential tax treatments may be subject to review by higher authorities. If these preferential tax treatments were not available to NetEase Beijing, then it would be subject to the

normal tax rate of 30% EIT and a 3% local tax.

NetEase Shanghai is subject to EIT at the rate of 30% plus a local tax of 3%.

Guangzhou Interactive is entitled to a reduced EIT rate of 15% from 2003 to 2004 but will be subject to EIT rate of 30% plus a local tax rate of 3% from 2005 onward.

Guangzhou NetEase and Guangyitong Advertising are Chinese domestic enterprises and are generally subject to a 33% EIT. However, Guangzhou NetEase was categorized as a small-sized tax payer by the local tax bureau of Guangzhou, China. According to the relevant tax circulars issued by the local tax bureau of Guangzhou, Guangzhou NetEase is subject to different EIT rates depending on the nature of its taxable revenues.

If the activities of NetEase.com, Inc. constitute a permanent establishment in China, the income it earns in China would also be subject to a 30% EIT and 3% local income tax. Income of our company that is not connected to a permanent establishment in China would be subject to a 10% withholding tax on gross receipt from profit, interest, rentals, royalties and other income earned in China. Dividends from NetEase Beijing to our company are exempt from Chinese withholding tax.

We are subject to a business tax on our revenues derived from services which is generally 5%. In addition, we are subject to a value-added tax ranging from 6% to 17% for revenues we earn from the sale of computer hardware purchased on behalf of our customers. We did not incur any value-added tax during the six months ended June 30, 2003. Our effective value-added tax rate was 6% during the six months ended June 30, 2002. In addition, Guangyitong Advertising is subject to a cultural development fee at 3% on its Internet advertising fees, which effectively reduces the revenues we derive from Guangyitong Advertising.

Subject to the approval of the relevant tax authorities, we had total tax loss carryforwards of approximately RMB41.8 million (US$5.0 million) as of June 30, 2003 for EIT purposes. Approximately RMB0.2 million (US$24,434), RMB29.5 million (US$3.6 million) and RMB12.1 million (US$1.5 million) of such losses will expire in 2005, 2006 and 2007, respectively.

The above tax loss carryforwards give rise to potential deferred tax assets totaling RMB9.4 million (US$1.1 million). As noted below under "Critical Accounting Policies and Estimates", a valuation allowance has been provided to partly offset potential deferred tax assets due to the uncertainty surrounding the realizability of such assets.

Critical Accounting Policies and Estimates

The preparation of financial statements often requires the selection of specific accounting methods and policies from several acceptable alternatives. Further, significant estimates and judgments may be required in selecting and applying those methods and policies in the recognition of the assets and liabilities in our consolidated balance sheet, the revenues and expenses in our consolidated statement of operations and the information that is contained in our significant accounting policies and notes to the consolidated financial statements. Management bases its estimates and judgments on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments under different assumptions or conditions.

We believe that the following are some of the more critical judgment areas in the application of our accounting policies that affect our financial condition and results of operation.

Critical Accounting Policies and Estimates Regarding Revenue Recognition

E-commerce and Other Services Revenue

Since December 1999, we have recognized e-commerce and other services revenue that we earn through our arrangements with Guangzhou NetEase as the services are rendered and the services revenues are earned under the e-commerce and other services agreements, which is the same time Guangzhou NetEase recognizes such revenue.

SMS and Other Wireless Value-Added Services

Wireless value-added services revenue, which represents Guangzhou NetEase's share of the revenues under its cooperative arrangements with China's two mobile phone operators, is recognized by us primarily based on monthly statements received from those operators. The revenue is recognized net of the mobile phone operators' share of revenue and uncollectible amounts because we consider those operators to be the primary obligors in the information transmission and delivery process which is a critical and integral part of our wireless value-added services. In addition, this revenue recognition approach is supported by the fact that the mobile phone operators must approve all products and services pricing and they have significant influence over other terms under our co-operative arrangements with them. Uncollectible amounts mainly represent the mobile phone operators' transmission and billing problems resulting from technical issues with their systems. We are unable to estimate or separately confirm the amount of uncollectibles which is reflected in any particular monthly statement and are totally reliant on the information provided by the mobile phone operators in their monthly statements for purposes of our record keeping.

Online Games

We recognize revenue at the time when the points on our prepaid point cards are consumed and services are provided.

Other Fee-Based Premium Services

We recognize revenue for these services ratably over the period when the services are provided, except in the case of the following services:

Online Shopping Mall - Guangzhou NetEase launched our online shopping mall platform in July 2000. As of June 30, 2003, this online shopping mall had 12 "online stores" operated by merchant tenants. From the fourth quarter of 2001, most online stores pay Guangzhou NetEase fixed service fees, which Guangzhou NetEase recognizes ratably over the period of the leases of the e-commerce platforms. Additionally, a small portion of the online stores pay Guangzhou NetEase commissions based on that merchant's revenues which are recognized on a monthly basis. Prior to 2002, we also received referral fees from online shopping mall partners of the NetEase Web sites which Guangzhou NetEase recognized when services were rendered. As of June 30, 2003, there were no active referral arrangements for which we were recognizing revenue, but we are currently seeking to enter into new referral arrangements.

Online Auction - Prior to October 2000, Guangzhou NetEase earned revenues from services to online auction sellers, whether businesses or consumers, which Guangzhou NetEase recognized ratably over the relevant period. In October 2000, we established a co-branded online trading and auction channel in partnership with EachNet. On June 25, 2002, we entered into an agreement with EachNet to terminate

our strategic co-operation agreement and the co-branded Web site. We earned both fixed upfront fees and referral fees from EachNet during the period of co-operation. In July 2002, we re-started our own online auction platform providing free services to our registered users after the termination of the co-branded Web site with EachNet, but we discontinued such services in June 2003.

Advertising Services Revenue

Since December 1999, we have recognized advertising services revenue that we earn through our arrangement with Guangyitong Advertising as services are rendered and the service revenues are earned under the advertising agreements, which is the same time Guangyitong Advertising recognizes such revenue.

Guangyitong Advertising derives its advertising fees principally from short-term advertising contracts, though recently we have seen an increasing number of advertisers who are willing to enter into long-term contracts. Revenues from advertising contracts are generally recognized ratably over the period in which the advertisement is displayed and collection of the resulting receivables is probable. Guangyitong Advertising's obligations to the advertisers have traditionally also included guarantees of a minimum number of impressions or times that an advertisement appears in pages viewed by users. These types of advertising contracts are known as CPM contracts. As a result, to the extent that minimum guaranteed impressions were not met within the contractual time period, Guangyitong Advertising deferred recognition of the corresponding revenues until the remaining guaranteed impression levels were achieved. In 2002, we began focusing on entering into advertising contracts which fees are based on the actual time period that the advertisements appear on the NetEase Web sites rather than based on guaranteed minimum impressions. This transition is largely complete, and Guangyitong Advertising currently has only a few CPM contracts in effect. However, it has entered into several "cost per action" advertising contracts (known as CPA contracts) whereby revenue is received by Guangyitong Advertising when an online user performs a specific action such as purchasing a product from or registering with the advertiser. Revenue for CPA contracts is recognized when the specific action is completed. In the six months ended June 30, 2003, CPA contracts represented only a small portion of our advertising revenue, and we expect that CPA contracts will continue to represent a small portion of our advertising revenue in the near-term.

There was no revenue and expense derived from barter transactions in the six months ended June 30, 2003 or the six months ended June 30, 2002. We engaged in certain advertising barter transactions in the six months ended June 30, 2002 and the six months ended June 30, 2003, for which the fair value is not determinable within the limits of EITF Issue No. 99-17, and therefore no revenues or expenses derived from these barter transactions were recognized. These transactions primarily involved exchanges of advertising services rendered by us for advertising, promotional benefits and information content provided by the counterparties.

Software Licensing and Related Integration Projects

For the corporate solution services we provided in the six months ended June 30, 2003, the revenue was recognized at the completion of the respective services.

Other Critical Accounting Policies and Estimates

Deferred Tax Valuation Allowance

Management judgment is required in determining our provision for income taxes, deferred tax

assets and liabilities and the extent to which deferred tax assets can be recognized. We make a valuation allowance to reduce deferred tax assets to the amount which is more likely than not to be realized. There can be no assurance that we will be able to utilize all the net operating loss carryforwards before their expiration.

Allowances for Doubtful Accounts

We maintain allowances for doubtful accounts receivable based on various types of information, including aging analysis of accounts receivable balances, historical bad debt rates, repayment patterns and credit worthiness of customers and industry trend analysis. We also make specific provisions for bad debts if there is strong evidence showing that the debts are likely to be irrecoverable.

Litigation Reserve

No material litigation reserve existed as of June 30, 2003 because management believed, and continues to believe, that the ultimate resolution of the claim described below under the heading "Outstanding Litigation and Contingent Liabilities" will not result in any material financial impact on our company.

Material Commitments

As of June 30, 2003, we had lease commitments for office rentals of RMB2.9 million (US$0.3 million), RMB5.8 million (US$0.7 million) and RMB3.7 million (US$0.5 million) payable in the second half of 2003 and in 2004 and 2005, respectively. In addition, we had lease commitments for server custody fees of RMB3.8 million (US$0.5 million) payable in the second half of 2003.

Outstanding Litigation and Contingent Liabilities

In January 2003, Guangzhou NetEase was named in a copyright infringement lawsuit in China, and the plaintiffs have claimed damages of US$1.0 million. We intend to vigorously defend our position and believe the ultimate resolution of the matter will not have a material financial impact on our company.

Repurchase of Shares

On July 4, 2003, the Company entered into an agreement with affiliates of The News Corporation Limited ("Newscorp") to repurchase 27,142,000 ordinary shares of the Company held by one of Newscorp's affiliates. The transaction was completed in July 2003. Under the agreement, the Company paid Newscorp a net aggregated amount of approximately US$4.6 million andthe right of Newscorp and its affiliates to a certain amount of advertising on NetEase's websites which had been granted under a strategic cooperation agreement between the parties was waived. In accordance with the agreement, the Company is entitled to use US$2 million worth of advertising on Asian television properties of Newscorp at no additional cost until March 28, 2004 or such other date as the parties shall agree.

Consolidated Results of Operations

The following table sets forth a summary of our unaudited consolidated statements of operations for the periods indicated both in Renminbi and as a percentage of total revenues:

	For the Six Months Ended			
	June 30, 2002		June 30, 2003	
	RMB	%	RMB	%
Revenues:				
E-commerce and other services	50,305,380	80.6	221,110,803	87.0
Advertising services	11,975,760	19.2	32,821,080	12.9
Software licensing and related integration projects	157,539	0.2	165,115	0.1
Total revenues	62,438,679	100.0	254,096,998	100.0
Sales and value-added taxes	(3,122,580)	(5.0)	(12,704,850)	(5.0)
Net revenues	59,316,099	95.0	241,392,148	95.0
Cost of revenues:				
E-commerce and other services and advertising services	(29,002,467)	(46.4)	(42,104,054)	(16.6)
Share compensation cost*	(954,064)	(1.5)	-	-
Total cost of revenues	(29,956,531)	(47.9)	(42,104,054)	(16.6)
Gross profit	29,359,568	47.1	199,288,094	78.4
Operating expenses:				
Selling, general and administrative expenses	(44,164,828)	(70.7)	(49,276,764)	(19.4)
Assets impairment loss	(746,857)	(1.2)	-	-
Research and development expenses	(7,449,972)	(11.9)	(8,286,157)	(3.3)
Share compensation cost*	(1,243,421)	(2.0)	(278,224)	(0.1)
Class action settlement				
Total operating expenses	(53,605,078)	(85.8)	(57,841,145)	(22.8)
Operating profit (loss)	(24,245,510)	(38.7)	141,446,949	55.6
Other income (expenses):				
Interest income	4,230,815	6.8	3,646,491	1.4
Interest expense	(1,209,117)	(1.9)	-	-
Other, net	3,468,434	5.6	5,673,376	2.2
Profit (loss) before tax	(17,755,378)	(28.2)	150,766,816	59.2
Income tax charge	-	-	(6,064,414)	(2.4)
Net profit (loss)	(17,755,378)	(28.2)	144,702,402	56.8
* Share compensation cost				
E-commerce and other services and advertising services cost of revenues	(954,064)	(1.5)	-	-
Selling, general and administrative expenses	(1,043,825)	(1.7)	(189,988)	(0.07)
Research and development expenses	(199,596)	(0.3)	(88,236)	(0.03)
Total	(2,197,485)	(3.5)	(278,224)	(0.1)

Six Months Ended June 30, 2003 Compared to Six Months Ended June 30, 2002

Revenues

Total revenues increased by 307.2% to RMB254.1 million (US$30.7 million) in the six months ended June 30, 2003 from RMB62.4 million in the six months ended June 30, 2002.

Revenues from e-commerce and other services increased by 339.5% to RMB221.1 million (US$26.7 million) in the six months ended June 30, 2003 from RMB50.3 million in the six months ended June 30, 2002, as a result of the substantial increase in revenue generated from our wireless value-added services and our online games. In addition, revenues from our other fee-based services, including dating and friends matching, e-mail services and other premium services, also increased during the first half of 2003.

Wireless Value-Added Services and Other Fee-Based Premium Services - The substantial increase in revenue generated from our wireless value-added services was primarily due to the increase in the overall popularity of SMS in China and in the range and popularity of our proprietary products and services among the expanding population of mobile phone users in China. We started the development of our wireless business in 1999 and launched our SMS.163.com Web page and first fee-based services in February 2001. At that time, the number and variety of products and services offered were very limited and included ring-tone and logo downloading and a few other services. As of June 30, 2003, we offered more than 200 different products and services, which can be classified into four main categories, namely, news and information subscription, multi-media downloading, community and communication and Internet-related products and services.

The increase in revenue in the first half of 2003 as compared to the first half of 2002 from our other fee-based premium services (excluding online games), including premium e-mail, dating and friends matching and personal homepage hosting, was primarily due to the increase in the number of paying subscribers of our other fee-based services.

Our wireless value-added services and other fee-based premium services together represented approximately 67.2% (first half of 2002: 96.3%) of our total e-commerce and other services revenue in the first half of 2003. The major portion of this amount was derived from our wireless value-added services in both 2002 and 2003.

Online Games - The substantial increase in the revenue generated from our online games was due to launch of two titles in August 2002, primarily our in-house developed game "Westward Journey Online Version 2.0" and to a lesser extent "PristonTale". Online games accounted for approximately 32.8% (first half of 2002: 3.7%) of our total e-commerce and other services revenue in the first half of 2003.

Advertising services revenues increased by 174.1% to RMB32.8 million (US$4.0 million) in the six months ended June 30, 2003 from RMB12.0 million in the six months ended June 30, 2002, primarily as a result of the expansion of our sales staff from 27 employees to 35 employees and a general increase in demand for online advertising in China during 2002. In particular, we gained several new China-based advertising clients, including leading mobile phone and car manufacturers, and were able to increase the number of advertising contracts which are long-term (one year or more) in late 2002 and early 2003. Average revenue per advertiser increased from approximately RMB82,000 (US$10,000) in the six months ended June 30, 2002 to RMB115,000 (US$14,000) in the six months ended June 30, 2003. The number of contracted advertisers using the NetEase Web sites increased from 185 in the six months ended June 30, 2002 to 285 in the six months ended June 30, 2003, with revenues from our top ten advertisers

comprising 23.0% of our total advertising services revenues in the six months ended June 30, 2003 as compared to 38.4% in the six months ended June 30, 2002. We expect that the online advertising market in China will continue to grow as Internet usage in China increases and as more companies, in particular China-based companies in a variety of industries, accept the Internet as an effective advertising medium. Based on our recent experience, we also expect that as advertisers generally become more familiar with online advertising, they will be increasingly willing to enter into longer term contracts of up to six months or more.

In the six months ended June 30, 2003, software licensing and related integration projects revenue included certain corporate solution services to a customer in connection with the purchase of servers and computer equipment, development of software and custody and maintenance of servers. We cannot predict whether we will continue to earn revenues from similar transactions in the foreseeable future, but we expect that we will provide these or other similar services to customers upon request. Such revenue totaled RMB0.2 million (US$19,947) in the six months ended June 30, 2003, which was consistent with the level of revenue for the six months ended June 30, 2002.

Cost of Revenues

Our cost of revenues increased by 40.6% to RMB42.1 million (US$5.1 million) in the six months ended June 30, 2003 from RMB30.0 million in the six months ended June 30, 2002, primarily due to the growth of our online games business. A significant portion of this increase was due to franchise and revenue share fees related to the "PristonTale" and "Westward Journey Online" games and, to a lesser extent, increased staff costs of our online games team.

As a result of the strong revenue growth, we achieved a gross profit of RMB199.3 million (US$24.1 million) in the six months ended June 30, 2003 as compared to a gross profit of RMB29.4 million in the six months ended June 30, 2002. Our gross margins increased from 30.8% in the first quarter of 2002 to 78.9% in the second quarter of 2003. The significant improvement in gross margins was driven by economies of scale as the growth in revenue outpaced the concurrent increase in cost of revenues. The gross margin for the six months ended June 30, 2003 was 78.4%.

Franchise and revenue share fees costs related to the online games comprised 8.3% of our total cost of revenues (totaling RMB3.5 million) in the six months ended June 30, 2003, compared with 0.5% (totaling RMB0.2 million) in the six months ended June 30, 2002. The increase was mainly due to the addition of new titles and increased usage of the online games. We expect that franchise and revenue share fees as a percentage of our total cost of revenues will continue to increase in the near-term.

Staff costs consisted primarily of compensation expenses for our online game and other e-commerce and editorial professionals and comprised 24.0% of our total cost of revenues (totaling RMB10.1 million) in the six months ended June 30, 2003, compared with 27.2% (totaling RMB8.2 million) in the six months ended June 30, 2002. The increase in costs was mainly due to the increase in the number of employees during the second half of 2002 and first half of 2003, in particular for the online games business department, which increased from 73 employees to 98 employees. We expect that staff costs as a percentage of our total cost of revenues will continue to decrease in the near-term due to the greater increase in the franchise and revenue share fees related to the online games.

Operating Expenses

Total operating expenses increased by 7.9% to RMB57.8 million (US$7.0 million) in the six months ended June 30, 2003 from RMB53.6 million in the six months ended June 30, 2002. Operating expenses as a percentage of total revenues decreased from 85.9% in the six months ended June 30, 2002

to 22.8% in the six months ended June 30, 2003. The increase in total operating expenses in the six months ended June 30, 2003 was mainly due to increased selling, general and administrative expenses.

Selling, general and administrative expenses increased by 11.6% to RMB49.3 million (US$6.0 million) in the six months ended June 30, 2003 from RMB44.2 million in the six months ended June 30, 2002, primarily due to the increase in staff costs of approximately RMB8.4 million (US$1.0 million) and marketing cost of approximately RMB2.5 million (US$0.3 million), offset partially by the decrease in professional fees of RMB6.6 million (US$0.8 million).

The asset impairment loss in 2002 represented the unamortised portion of the costs incurred in the acquisition of an electronic payment gateway system which we ceased using.

Research and development expenses increased by 11.2% to RMB8.3 million (US$1.0 million) in the six months ended June 30, 2003 from RMB7.4 million in the six months ended June 30, 2002, primarily due to an increase in the number of programmers and technicians recruited to assist our online games business during the period.

Other Income (Expenses)

Other income and expenses in the six months ended June 30, 2003 mainly consisted of a write back of a provision for subscription receivables of approximately RMB5.7 million (US$0.7 million) and interest income of RMB3.7 million (US$0.5 million). Other income and expenses in the six months ended June 30, 2002 mainly consisted of a write back of certain provisions for expenses and claims payable for certain arbitration of RMB3.7 million, and interest income and expenses of RMB4.2 million and RMB1.2 million, respectively. We repaid RMB84.0 million in short-term bank borrowings during the year ended December 31, 2002, and as a result, both our interest income and interest expenses dropped significantly in the six months ended June 30, 2003 as compared to the six months ended June 30, 2002. The decrease in the net interest income in the six months ended June 30, 2003 as compared with the six months ended June 30, 2002 was also due to the reduction of interest rates during the period.

Liquidity and Capital Resources

Our capital requirements relate primarily to financing:

- our working capital requirements, such as bandwidth and server custody fees, staff costs, sales and marketing expenses and research and development, and

- costs associated with the expansion of our business, such as the purchase of servers.

Operating Activities

Cash provided by operating activities was RMB165.9 million (US$20.0 million) in the six months ended June 30, 2003, and cash used in operating activities in the six months ended June 30, 2002 was RMB12.1 million. In the six months ended June 30, 2003, cash provided by operating activities consisted primarily of our operating profit adjusted for depreciation charges during the six month period and an increase in provisions for bad and doubtful debts, taxes payable and a decrease in the amount due from related parties, and offset in part by an increase in prepayments and other current assets, deferred tax assets and a decrease in salary and welfare payable. In the six months ended June 30, 2002, cash used in operating activities consisted primarily of our operating loss adjusted for depreciation charges and share compensation cost during the six month period and an increase in the amount due from related parties, and a decrease in accrued liability, offset in part by an increase in taxes payable, accounts payable and

salary and welfare payable.

Investing Activities

Cash used in investing activities was RMB7.3 million (US$0.9 million) in the six months ended June 30, 2003, and cash provided by investing activities was RMB52.0 million in the six months ended June 30, 2002. In the six months ended June 30, 2003, cash used in investing activities mainly consisted of the purchase of fixed assets. In the six months ended June 30, 2002, cash provided by investing activities mainly consisted of the decrease in temporary cash investments and the disposal of convertible preference shares, which was offset in part by the cash used in the purchase of fixed assets.

Financing Activities

Cash provided by financing activities was RMB10.1 million (US$1.2 million) in the six months ended June 30, 2003, and cash used in financing activities in the six months ended June 30, 2002 was RMB82.0 million. In the six months ended June 30, 2003, the cash provided by financing activities mainly consisted of the proceeds from the issuance of ordinary shares upon the exercise of share options. In the six months ended June 30, 2002, the cash used in financing activities mainly consisted of the repayment of bank loans of RMB84.0 million, which was offset in part by the partial collection of a subscription receivable for the Series B preference shares issued in 2000.

We had no material commitments for capital expenditures as of June 30, 2003. Up to June 30, 2003, we spent approximately RMB6.5 million (US$0.8 million) for servers and computer equipment, and as our business grows, we plan to spend an additional approximately RMB10.8 million (US$1.3 million) in 2003 towards purchases of additional servers and switches in order to accommodate the expected increase in traffic on the NetEase Web sites.

Our net losses have been funded by our cash resources and to a lesser extent from cash generated from revenue growth. Although we have been striving to enhance our revenues and stabilize or decrease our operating expenses, we cannot be certain these efforts will be successful in future periods which could accelerate the depletion of our cash resources. In particular, our selling, general and administrative expenses have remained relatively high due primarily to staff costs, while our revenues from advertising services have been uneven in the last several years. Further, although our revenues from e-commerce and other services have grown significantly recently, we have only a limited track record offering these services and cannot be certain that we will be able to maintain or grow such revenue. Nonetheless, given our positive cash flows in recent quarters and our issuance of US$100 million aggregate principal amount of Zero Coupon Convertible Subordinated Notes in July 2003, we believe that such cash and revenues will be sufficient for us to meet our obligations for the foreseeable future.

Research and Development

We believe that an integral part of our future success will depend on our ability to develop and enhance our products and services. Our product development efforts and strategies consist of incorporating new technologies from third parties as well as continuing to develop our own proprietary technology.

We have utilized and will continue to utilize the products and services of third parties to enhance our platform of technologies and services to provide competitive and diverse Internet services to our users. We also have utilized and will continue to utilize third-party advertisement serving technologies. In addition, we plan to continue to expand our technologies, products and services and registered user base through diverse online community products and services developed internally. We will seek to

continually improve and enhance our existing products and services to respond to rapidly evolving competitive and technological conditions. For the six months ended June 30, 2002 and June 30, 2003, we spent RMB7.4 million and RMB8.3 million (US$1.0 million), respectively, on research and development activities.

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our exposure to market rate risk for changes in interest rates relates primarily to the interest income generated by excess cash invested in short term money market accounts and certificates of deposit. We have not used derivative financial instruments in our investment portfolio. Interest earning instruments carry a degree of interest rate risk. We have not been exposed nor do we anticipate being exposed to material risks due to changes in interest rates. However, our future interest income may fall short of expectations due to changes in interest rates.

Foreign Currency Risk

Substantially all our revenues and expenses are denominated in Renminbi, but a substantial portion of our cash is kept in U.S. dollars. Although we believe that, in general, our exposure to foreign exchange risks should be limited, the value of our American Depositary Shares, or ADSs, will be affected by the foreign exchange rate between U.S. dollars and Renminbi. For example, to the extent that we need to convert U.S. dollars into Renminbi for our operational needs and should the Renminbi appreciate against the U.S. dollar at that time, our financial position and the price of our ADSs may be adversely affected. Conversely, if we decide to convert our Renminbi (which amount has grown as a result of our improved cash flows in recent quarters) into U.S. dollars for the purpose of declaring dividends on our ADSs or otherwise and the U.S. dollar appreciates against the Renminbi, the U.S. dollar equivalent of our earnings from our subsidiaries and controlled entities in China would be reduced.

We have not had any material foreign exchange gains or losses to date. However, we have not engaged in any hedging activities, and we may experience economic loss as a result of any foreign currency exchange rate fluctuations.

Trend Information

Other than as disclosed elsewhere in this prospectus or incorporated by reference in this prospectus, we are not aware of any trends, uncertainties, demands, commitments or events from the period of inception to June 30, 2003 that are reasonably likely to have a material effect on our net revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

RATIO OF EARNINGS TO FIXED CHARGES

	For the Year Ended December 31,					For the Six Months Ended June 30,
	1998	1999	2000	2001	2002	2003
						(Unaudited)
Ratio of Earnings to Fixed Charges	N/A	N/A	N/A	N/A	4.61	129.00

The ratio of earnings to fixed charges is calculated by dividing profit before tax by fixed charges. Fixed charges include interest costs and one-third of the rental expenses. We believe that one-third of the rental expenses is a reasonable approximation of the interest factor in the rental expenses. Due to our losses in the years ended December 31, 1999, 2000 and 2001, the ratios of earnings to fixed charges were less than 1:1 for those years. To achieve a coverage of 1:1 for those years, we would have had to generate additional earnings of RMB52.0 million, RMB169.3 million and RMB233.2 million, respectively.

DESCRIPTION OF NOTES

The notes were issued under an indenture dated as of July 14, 2003 (referred to as the Indenture in this prospectus) between us and The Bank of New York, as trustee (referred to as the trustee in this prospectus). Copies of the Indenture are available for inspection during normal business hours at the principal office of the trustee being the date hereof at 101 Barclay Street, 21st Floor West, New York, N.Y. 10286, U.S.A. The statements under this section relating to the Indenture and the notes are general summaries highlighting certain important features of the Indenture and the notes and do not purport to be complete. Such summaries make use of certain terms defined in the Indenture and are qualified in their entirety by express reference to the Indenture. The terms of the notes will also include those made a part of the Indenture by reference to the Trust Indenture Act of 1939, as amended.

General

The notes are general unsecured obligations and are subordinate in right of payment as described under "--Subordination of Notes." The notes are limited to an aggregate principal amount of $100 million and are issued only in denominations of $1,000 and integral multiples of $1,000. They will mature on July 15, 2023 (unless earlier redeemed at our option, converted into ordinary shares at the option of the holder or repurchased by us at the option of the holder). We will not pay interest on the notes unless specified defaults under the registration rights agreement occur.

See "--Book-Entry Delivery and Form" for information regarding the form, documents and mechanics for transferring the notes.

The Indenture does not contain any restrictions on the payment of dividends or the repurchase of our securities or any financial covenants. The Indenture contains no covenants or other provisions to afford protection to holders of notes in the event of a highly leveraged transaction or a change in control of our company except to the extent described under "--Repurchase at Option of a Holder Upon a Fundamental Change" and "--Merger and Consolidation."

We will maintain an office in The City of New York where the notes may be presented for registration, payment, transfer, exchange or conversion. This office will be an office or agency of the trustee. Except under limited circumstances described below, the notes are issued only in fully-registered book-entry form, without coupons, and will be represented by one or more global notes. There will be no service charge for any registration of transfer or exchange of notes. We and/or the trustee may, however, require holders to pay a sum sufficient to cover any tax or other governmental charge payable in connection with certain transfers or exchanges.

Conversion Rights

General

Holders have the option to convert any portion of the principal amount of any note that is an integral multiple of $1,000 into our ordinary shares at any time at a conversion price of $0.4815 per share prior to the close of business on the maturity date in the following circumstances:

- during any calendar quarter commencing after September 30, 2003, if the average of the reference prices (as defined below) of our ordinary shares for the last five consecutive trading days of the calendar quarter preceding the quarter in which the conversion occurs is more than 115% of the conversion price per share on the last trading day of the preceding quarter;

- if we have called the notes for redemption;

- if the average of the trading prices of the notes for any five consecutive trading day period is less than 100% of the average of the conversion value (as defined in this prospectus) of the notes during that period; provided, however, that no notes may be converted based on the satisfaction of this condition during the six month period immediately preceding each specified date on which the note holders may require us to repurchase their notes (for example, with respect to the July 15, 2006 repurchase date, the notes may not be converted from January 15, 2006 to July 15, 2006) if on any day during such five consecutive trading day period, the reference price of our ordinary shares is between the conversion price and 115% of the conversion price; or

- upon the occurrence of specified corporate transactions.

A holder may deposit the ordinary shares it receives upon conversion of its notes for the issuance of ADSs if it complies with the requirements described under "Description of American Depositary Shares."

"Trading day" means each day on which the securities exchange or quotation system which is used to determine the ADS sale price is open for trading or quotation. "ADS sale price" means the closing per ADS (or ordinary share, if applicable) sale price as reported in composite transactions for the principal United States securities exchange on which the ADS (or ordinary share, if applicable) is traded, or, if the ADS (or ordinary share, if applicable) is not listed on a United States national or regional stock exchange, as reported by Nasdaq, or, if the ADS (or ordinary share, if applicable) is not listed or admitted to trading on any United States national or regional stock exchange or quoted on Nasdaq, the average of the closing bid and ask prices in the over-the-counter market as furnished by any New York Stock Exchange member firm selected from time to time by us for that purpose.

The "reference price" of our ordinary shares on any date of determination means a dollar amount derived by dividing the closing price of our ADSs on that date by the then applicable number of our ordinary shares represented by one ADS. On the date of this prospectus, one ADS represents 100 of our ordinary shares.

Conversion Upon Satisfaction of Market Price Condition

A holder may surrender any of its notes for conversion into our ordinary shares during any quarter commencing after September 30, 2003 if the average reference price of our ordinary shares for the last five trading days in the preceding quarter exceeds 115% of the conversion price per share on the last trading day of the preceding quarter. We will determine at the end of each quarter whether the notes are convertible as a result of the price of our ordinary shares and promptly notify the conversion agent (as defined in this prospectus) and trustee, which in turn will notify the holders of the notes.

Conversion Upon Notice of Redemption

A holder may surrender for conversion any note called for redemption at any time prior to the close of business on the day that is two business days prior to the redemption date, even if the notes are not otherwise convertible at such time.

Conversion Upon Satisfaction of Trading Price Condition

If, after any five consecutive trading day period in which the average of the trading prices (defined below) for the notes for such five trading day period is less than 100% of the average of the conversion value (defined below) for the notes during that period, then you may surrender notes for conversion at any time during the following 10 trading days; provided, however, that no notes may be converted based on the satisfaction of this condition during the six month period immediately preceding each specified date on which the holders may require us to repurchase their notes (for example, with respect to the July 15, 2006 repurchase date, the notes may not be converted from January 15, 2006 to July 15, 2006), if on any day during such five consecutive trading day period, the reference price of our ordinary shares is between the conversion price and 115% of the conversion price.

The "conversion value" of a note means the product of the reference price of our ordinary shares on any date of determination multiplied by the number of ordinary shares into which the note is convertible.

The "trading price" of the notes on any date of determination means the average of the secondary market bid quotations per $1,000 principal amount of notes received by the conversion agent for $5,000,000 principal amount of the notes at approximately 3:30 p.m., The City of New York time, on such determination date from three independent nationally recognized securities dealers we select, provided that if at least three such bids are not received by the conversion agent, but two such bids are received, then the average of the two bids shall be used, and if only one such bid is received by the conversion agent, this one bid shall be used. If the conversion agent cannot reasonably obtain at least one bid for $5,000,000 principal amount of the notes from a nationally recognized securities dealer or, in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the notes, then the trading price of the notes will be determined in good faith by us taking into account in such determination such factors as we, in our sole discretion, deem appropriate. In connection with any conversion upon satisfaction of trading price condition as described above, the conversion agent shall have no obligation to determine the trading price of the notes; and we shall have no obligation to make such determination unless a holder provides us with reasonable evidence that the trading price of the notes is less than 100% of the product of the reference price of our ordinary shares and the number of ordinary shares issuable upon conversion of $1,000 principal amount of the notes; at which time, we shall select and instruct the three independent nationally recognized securities dealers to provide the conversion agent with the bid quotations as provided above.

The "conversion agent" means, initially, The Bank of New York, acting in such capacity, until a successor replaces it and, thereafter, shall mean such successor.

Conversion Upon Specific Corporate Transactions

If we elect to:

- distribute to all holders of our ordinary shares any rights, warrants or options entitling them to subscribe for or repurchase, for a period expiring within 60 days of the date of distribution, our ordinary shares at less than the then current market price; or

- distribute to all holders of our ordinary shares any assets, debt securities or certain rights to repurchase our securities, which distribution has a per share value exceeding 10% of the reference price of our ordinary shares on the day preceding the declaration date for such distribution,

holders may convert their notes, unless such holders may participate in the transaction on a basis and with notice that our board of directors determines to be fair and reasonable. We must notify the holders of notes at least 20 days prior to the ex-dividend date for any such distribution. Once we have given such notice, holders may surrender their notes for conversion until the earlier of the close of business on the business day prior to the ex-dividend date or our announcement that such distribution will not take place. This provision shall not apply if the holder of a note otherwise participates in the distribution without conversion.

In addition, if we are a party to a consolidation, merger, share exchange, sale of all or substantially all of our assets or other similar transaction, in each case pursuant to which our ordinary shares would be converted into cash, securities or other property, we must notify the holders at least 15 business days prior to the anticipated effective date of the transaction. A holder may surrender its notes for conversion at any time from and after the date which is 15 business days prior to the anticipated effective date of such transaction until and including the date which is two business days before the actual date of such transaction. If we are a party to a consolidation, merger, share exchange, sale of all or substantially all of our assets or other similar transaction, in each case pursuant to which our ordinary shares are converted into cash, securities or other property, then at the effective time of the transaction, a holder's right to convert its notes into ordinary shares will be changed into a right to convert such notes into the kind and amount of cash, securities and other property that such holder would have received if such holder had converted such notes immediately prior to the transaction. If the transaction also constitutes a Fundamental Change (as defined below), such holder can require us to repurchase all or a portion of its notes as described under "--Repurchase at Option of a Holder Upon a Fundamental Change." If the transaction also constitutes a Merger Event (as defined below), we may be required to redeem all of the notes as described under "--Merger and Consolidation."

If a holder of a note has delivered notice of its election to have such note repurchased at the option of such holder or as a result of a Fundamental Change or a Delisting Event (as defined below), such note may be converted only if the notice of election is withdrawn as described, respectively, under "--Repurchase of Notes at the Option of the Holder on Specified Dates," "--Repurchase at Option of a Holder Upon a Fundamental Change" or "--Repurchase at Option of a Holder Upon a Delisting Event."

Conversion Price Adjustments

We will adjust the conversion price if (without duplication):

(1) we issue to all holders of our ordinary shares additional ordinary shares or other capital stock as a dividend or distribution on our ordinary shares;

(2) we subdivide, combine or reclassify our ordinary shares;

(3) we issue to all holders of our ordinary shares any rights, warrants or options entitling them to subscribe for or purchase our ordinary shares for a period expiring not later than 60 days after the applicable record date for the distribution at a per share price that is less than the then current market price; provided that no adjustment will be made if holders of the notes may participate in the transaction on a basis and with notice that our board of directors determines to be fair and appropriate;

(4) we distribute to all holders of our ordinary shares evidences of our indebtedness, shares of capital stock (other than our ordinary shares), securities, cash, property, rights, warrants or options, excluding:

- those rights, warrants or options referred to in clause (3) above;

- any dividend or distribution paid exclusively in cash on and after July 15, 2008 and not referred to below; and

- any dividend or distribution referred to in clause (1) above;

(5) (i) we make a dividend or other distribution consisting exclusively of cash to all holders of ordinary shares declared and paid at any time prior to July 15, 2008, and (ii) on and after July 15, 2008, we make a cash distribution to all holders of our ordinary shares that together with all other all-cash distributions and consideration payable in respect of any tender or exchange offer by us or one of our subsidiaries for shares made within the preceding 12 months exceeds 5% of our aggregate market capitalization on the date of the declaration of the distribution; or

(6) we pay to holders of our ordinary shares in respect of a tender or exchange offer (other than an odd-lot offer) by us or any of our subsidiaries for ordinary shares a price per ordinary share in excess of 110% of the reference price for one share of our ordinary shares on the last date tenders or exchanges may be made pursuant to such tender or exchange offer.

The conversion price will not be adjusted until adjustments amount to 1% or more of the conversion price as last adjusted. We will carry forward any adjustment we do not make and will include it in any future adjustment.

We will not issue fractional ordinary shares to a holder who converts a note. In lieu of issuing fractional shares, we will pay cash based upon the reference price of our ordinary shares on the date of conversion.

Except as described in this paragraph, no holder of notes will be entitled, upon conversion of the notes, to any actual payment or adjustment on account of accrued and unpaid interest, if any, or on account of dividends on shares issued in connection with the conversion. If any holder surrenders a note for conversion between the close of business on any record date for the payment of an installment of interest, if any, and the opening of business on the related interest payment date, the holder must deliver payment to us of an amount equal to the interest payable on the interest payment date on the principal amount to be converted together with the note being surrendered. The foregoing sentence shall not apply to notes called for redemption on a redemption date within the period between and including the record date and the interest payment date.

The date of conversion shall be the date on which the note and all of the items required for conversion shall have been so delivered and the requirements for conversion have been met. A holder delivering a note for conversion will be required to pay any taxes or duties payable in respect of the issue or delivery of the ordinary shares upon conversion.

We may from time to time reduce the conversion price if our board of directors determines that this reduction would be in the best interests of our company. Any such determination by our board of directors will be conclusive, and we shall endeavor to notify the trustee within three business days after such determination. In turn, the trustee shall promptly notify the note holders. Any such reduction in the conversion price must remain in effect for at least 20 trading days. In addition, we may from time to time reduce the conversion price if our board of directors deems it advisable to avoid or diminish any income tax to holders of our ordinary shares resulting from any stock or rights distribution on our ordinary shares.

Conversion Settlement Options

Upon conversion, we will satisfy all of our obligations (the "Conversion Obligation") by delivering to converting holders (1) our ordinary shares, (2) cash, or (3) a combination of cash and our ordinary shares, as follows:

(1) Share Settlement. If we elect to satisfy the entire Conversion Obligation in our ordinary shares, then we will deliver to converting holders a number of our ordinary shares equal to the aggregate principal amount of the notes to be converted divided by the conversion price then in effect.

(2) Cash Settlement. If we elect to satisfy the entire Conversion Obligation in cash, then we will deliver to converting holders cash in an amount equal to the product of (i) a number equal to the aggregate principal amount of notes to be converted by any such holder divided by the conversion price then in effect, and (ii) the average of the reference price of our ordinary shares on each trading day during the applicable cash settlement averaging period (as defined below).

(3) Combined Settlement. If we elect to satisfy a portion of the Conversion Obligation in cash (the "Partial Cash Amount") and a portion in our ordinary shares, then we will deliver to converting holders such Partial Cash Amount plus a number of our ordinary shares equal to (a) the cash settlement amount as set forth in clause (2) above minus such Partial Cash Amount divided by (b) the average of the reference price of our ordinary shares on each trading day during the applicable cash settlement averaging period.

If we choose to satisfy the Conversion Obligation by share settlement, then settlement in shares will be made on or prior to the fifth trading day following our receipt of a notice of conversion.

If we choose to satisfy the Conversion Obligation by cash settlement or combined settlement, then we will notify holders, through the trustee, of the dollar amount to be satisfied in cash at any time on or before the date that is three business days following our receipt of a converting holder's notice of conversion (the "Settlement Notice Period"). Share settlement will apply automatically if we do not notify holders that we have chosen another settlement method.

If we timely elect cash settlement or combined settlement, then holders may retract their conversion notice at any time during the two business day period beginning on the day after the Settlement Notice Period (the "Conversion Retraction Period"). Holders cannot retract conversion notices (and conversion notice therefore will be irrevocable) if we elect share settlement. If a holder has not retracted its conversion notice, then cash settlement or combined settlement will occur on the first trading day following the applicable cash settlement averaging period. The "applicable cash settlement averaging period" is the five trading day period beginning on the first trading day following the end of the Conversion Retraction Period.

Subordination of Notes

The payment of the principal of, and interest, if any, on the notes is subordinated to the prior payment in full, in cash or other payment satisfactory to the holders of senior indebtedness, of all existing and future senior indebtedness. If we dissolve, wind-up, liquidate or reorganize, or if we are the subject of any bankruptcy, insolvency, receivership or similar proceedings, we will pay the holders of senior indebtedness in full in cash or other payment satisfactory to the holders of senior indebtedness before we pay the holders of the notes. If the notes are accelerated because of an event of default under the Indenture, we must pay the holders of senior indebtedness in full all amounts due and owing thereunder

before we pay the holders of notes. The Indenture requires us to promptly notify holders of senior indebtedness if payment of the notes is accelerated because of an event of default under the Indenture.

We may not make any payment on the notes, repurchase or redeem otherwise acquire the notes if:

- a default in the payment of any designated senior indebtedness occurs and is continuing beyond any applicable period of grace, or

- any other default of designated senior indebtedness occurs and is continuing that permits holders of the designated senior indebtedness to accelerate its maturity and the trustee receives a payment blockage notice from us or other person permitted to give such notice under the Indenture.

We are required to resume payments on the notes:

- in case of a payment default on designated senior indebtedness, upon the date on which such default is cured or waived or ceases to exist, and

- in case of a nonpayment default on designated senior indebtedness, the earlier of the date on which such nonpayment default is cured or waived or ceases to exist or 179 days after the date on which the payment blockage notice is received.

No new period of payment blockage may be commenced for a default unless:

- 365 days have elapsed since the effectiveness of the immediately prior payment blockage notice, and

- all scheduled payments on the notes that have come due have been paid in full in cash.

No nonpayment default that existed or was continuing on the date of delivery of any payment blockage notice shall be the basis for a subsequent payment blockage notice.

As a result of these subordination provisions, in the event of our bankruptcy, dissolution or reorganization, holders of senior indebtedness may receive more, ratably, and holders of the notes may receive less, ratably, than our other creditors. These subordination provisions will not prevent the occurrence of any event of default under the Indenture.

If either the trustee or any holder of notes receives any payment or distribution or our assets in contravention of these subordination provisions before all senior indebtedness is paid in full, then such payment or distribution will be held by the recipient in trust for the benefit of holders of senior indebtedness to the extent necessary to make payment in full of all senior indebtedness remaining unpaid; provided, however, the trustee and any agent may continue to make payments under the notes and shall not at any time be charged with knowledge of the existence of any facts which would prohibit the making of such payments until the trustee receives written notice that payments may not be made. Prior to the receipt of this notice, the trustee and any agent shall be entitled to assume conclusively that no such facts exist.

Substantially all of our operations are conducted through subsidiaries. As a result, our cash flow and our ability to service our debt, including the notes, would depend upon the earnings of our

subsidiaries. In addition, we would be dependent on the distribution of earnings, loans or other payments by our subsidiaries to us.

Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the notes or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries will also be contingent upon our subsidiaries' earnings and could be subject to contractual or statutory restrictions.

Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, will be structurally subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

As of June 30, 2003, we had no senior indebtedness outstanding and had liabilities of $6.0 million. Our subsidiaries also had no outstanding indebtedness, other than intercompany indebtedness and other normal trade payables and liabilities.

Neither we nor our subsidiaries are limited from incurring senior indebtedness or additional debt under the Indenture. If we incur additional debt, our ability to pay our obligations on the notes could be affected. We expect from time to time to incur additional indebtedness and other liabilities.

We are obligated to pay compensation to the trustee. We will indemnify the trustee against any losses, liabilities or expenses incurred by it in connection with its duties. The trustee's claims for such payments will be senior to the claims of the holders of the notes.

"Designated senior indebtedness" means any senior indebtedness in which the instrument creating or evidencing the indebtedness, or any related agreements or documents to which we are a party, expressly provides that such indebtedness is "designated senior indebtedness" for purposes of the Indenture; provided that such instrument, agreement or other document may place limitations and conditions on the right of such senior indebtedness to exercise the rights of designated senior indebtedness.

"Indebtedness" means

(1) all of our indebtedness, obligations and other liabilities, contingent or otherwise, (A) for borrowed money, including overdrafts, foreign exchange contracts, currency exchange agreements, interest rate protection agreements, and any loans or advances from banks, whether or not evidenced by notes or similar instruments, or (B) evidenced by credit or loan agreements, bonds, debentures, notes or similar instruments, whether or not the recourse of the lender is to the whole of the assets of our company or to only a portion thereof, other than any trade account payables or other accrued current liability or obligation incurred in the ordinary course of business in connection with the obtaining of materials or services;

(2) all of our reimbursement obligations and other liabilities, contingent or otherwise, with respect to letters of credit, bank guarantees or bankers' acceptances;

(3) all of our obligations and liabilities, contingent or otherwise,

(a) in respect of leases required, in conformity with generally accepted accounting principles, to be accounted for as capitalized lease obligations on our balance sheet;

(b) as lessee under other leases for facilities equipment and related assets leased together therewith, whether or not capitalized, entered into or leased for financing purposes (as determined by us); or

(c) under any lease or related document, including a purchase agreement, conditional sale or other title retention agreement, in connection with the lease of real property or improvements thereon (or any personal property included as part of any such lease) which provides that we are contractually obligated to purchase or cause a third party to purchase the leased property or pay an agreed upon residual value of the leased property, including our obligations under such lease or related document to purchase or cause a third party to purchase such leased property or pay an agreed upon residual value of the leased property to the lessor (whether or not such lease transaction is characterized as an operating lease or a capitalized lease in accordance with generally accepted accounting principles);

(4) all of our obligations, contingent or otherwise, with respect to an interest rate, currency or other swap, cap, floor or collar agreement or hedge agreement, forward contract or other similar instrument or agreement or foreign currency hedge, exchange, purchase or similar instrument or agreement;

(5) all of our direct or indirect guaranties, agreements to be jointly liable or similar agreement by us in respect of, and all of our obligations or liabilities, contingent or otherwise, to purchase or otherwise acquire or otherwise assure a creditor against loss in respect of, indebtedness, obligations or liabilities of another person of the kinds described in clauses (1) through (4);

(6) any indebtedness or other obligations described in clauses (1) through (5) secured by any mortgage, pledge, lien or other encumbrance existing on property which is owned or held by us, regardless of whether the indebtedness or other obligation secured thereby shall be assumed by us; and

(7) any and all deferrals, renewals, extensions, refinancings and refundings of, or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kinds described in clauses (1) through (6).

"Senior indebtedness" means the principal of, premium, if any, interest, including any interest accruing subsequent to the commencement of any bankruptcy or similar proceeding, whether or not a claim for post-petition interest is allowable as a claim in the proceeding, and rent payable on or in connection with, and all fees, costs, expenses and other amounts accrued or due on or in connection with, indebtedness of our company whether secured or unsecured, absolute or contingent, due or to become due, outstanding on the date of the Indenture or thereafter created, incurred, assumed, guaranteed or in effect guaranteed by us, including all deferrals, renewals, extensions or refundings of, or amendments, modifications or supplements to, the foregoing. Senior indebtedness does not include:

(1) indebtedness that expressly provides that such indebtedness shall not be senior in right of payment to the notes or expressly provides that such indebtedness is on the same basis or junior to the notes; or

(2) any indebtedness to any of our wholly-owned subsidiaries, other than indebtedness to our subsidiaries arising by reason of guarantees by us of indebtedness of such subsidiary to a person that is not our subsidiary.

Redemption of Notes at Our Option

Prior to July 15, 2008, we may not redeem the notes at our option, except in connection with a transaction described under "--Merger and Consolidation" below. Beginning on July 15, 2008 and prior to the close of business on the maturity date, we may redeem the notes, in whole or in part, for cash at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, if the reference price of our ordinary shares for 20 out of any 30 consecutive trading day period, the last of which occurs no more than five days prior to the date upon which notice of such redemption is published, is at least 130% of the conversion price in effect on such trading day. We will give not less than 30 days' or more than 60 days' notice of redemption by mail to holders of the notes. Holders may convert the notes called for redemption as described under "--Conversion Rights--Conversion Upon Notice of Redemption."

Upon redemption, holders of notes that are redeemed shall receive, in exchange for such notes, the redemption price.

If we redeem less than all of the outstanding notes, the trustee shall select the notes to be redeemed on a pro rata basis in principal amounts of $1,000 or integral multiples of $1,000. If a portion of a holder's notes is selected for partial redemption and the holder converts a portion of the notes, the converted portion shall be deemed to be the portion selected for redemption.

Repurchase of Notes at the Option of the Holder on Specified Dates

On July 15, 2006, July 15, 2007, July 15, 2008, July 15, 2013 and July 15, 2018, each holder may require us to repurchase any outstanding notes for which such holder has properly delivered and not withdrawn a written repurchase notice, at a price equal to 100% of the principal amount of such notes, together with accrued and unpaid interest, if any, subject to certain additional conditions. Holders may submit their notes for repurchase to the paying agent at any time from the opening of business on the date that is 20 business days prior to the repurchase date until the close of business on the fifth business day prior to the repurchase date.

We will pay the repurchase price in cash. For a discussion of the tax treatment of a holder receiving cash, see "Certain United States Federal Income Tax Consequences--U.S. Holders--Sale, Exchange or Redemption of the Notes or Conversion of Notes Solely for Cash."

Required Notices and Procedure

On a date not less than 20 business days prior to the date that we are required to repurchase the notes at the option of the holder, we will give notice to all holders at their addresses shown in the register of the Registrar (as defined below), and to beneficial owners as required by applicable law, stating, among other things, the procedures that holders must follow to require us to repurchase their notes.

The repurchase notice given by each holder electing to require us to repurchase notes must be given so as to be received by the paying agent no later than the close of business on the fifth business day prior to the repurchase date and must state:

- the certificate numbers of the holder's notes to be delivered for repurchase, in the case of definitive notes;

- the aggregate principal amount of notes to be repurchased; and

- that the notes are to be repurchased by us pursuant to the applicable provisions of the notes.

A holder may withdraw any repurchase notice by delivering a written notice of withdrawal to the paying agent prior to the close of business on the third business day prior to the repurchase date. The notice of withdrawal shall state:

- the certificate numbers of the notes being withdrawn, in the case of definitive notes;

- the aggregate principal amount of the notes being withdrawn; and

- the aggregate principal amount, if any, of the notes that remain subject to the repurchase notice.

In connection with any repurchase offer, we will

- comply in all material respects with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the U.S. Securities Exchange Act of 1934, as amended (referred to as the Exchange Act in this prospectus), that may then apply;

- file a Schedule TO, if required, or any other required schedule under the Exchange Act; and

- otherwise comply with all United States federal and state securities laws.

Our obligation to pay the repurchase price for a note as to which a repurchase notice has been delivered and not validly withdrawn is conditioned upon the holder delivering the note, together with necessary endorsements, to the paying agent at any time after delivery of the repurchase notice. We will cause the repurchase price for the note to be paid promptly following the later of the repurchase date or the time of delivery of the note.

If the paying agent holds money or securities sufficient to pay the repurchase price of any note on the business day following the repurchase date in accordance with the terms of the Indenture, then, immediately after the repurchase date, the note will cease to be outstanding and interest on such note will cease to accrue, whether or not the note is delivered to the paying agent. After the note ceases to be outstanding, all other rights of the holder shall terminate, other than the right to receive the repurchase price upon delivery of the note.

We may not repurchase any note at any time when the subordination provisions of the Indenture otherwise would prohibit us from making such repurchase. If we fail to repurchase the notes when required, this failure will constitute an event of default under the Indenture whether or not repurchase is permitted by the subordination provisions of the Indenture.

Repurchase at Option of a Holder Upon a Fundamental Change

If a Fundamental Change occurs, each holder of notes shall have the right, at its option, to require us to repurchase all of its notes, or any portion thereof that is an integral multiple of $1,000, on the date (the "Fundamental Change Repurchase Date") selected by us that is not less than 10 or more than 30 days after the Final Surrender Date (as defined below), at a price equal to 100% of the principal amount of the notes, together with accrued and unpaid interest, if any.

Unless we shall previously have called for the redemption of all of the notes, within 30 days after the occurrence of a Fundamental Change, we are obligated to deliver to the trustee and mail (or cause the trustee to mail) to all holders of record of the notes a notice (the "Company Notice"), describing, among other things, the occurrence of such Fundamental Change and of the repurchase right arising as a result thereof, as well as the Final Surrender Date and the Fundamental Change Repurchase Date. We must cause a copy of the Company Notice to be published in a newspaper of general circulation in the Borough of Manhattan, The City of New York, which newspaper shall be The Wall Street Journal. To exercise the repurchase right, a holder must, on or before the date that is, subject to any contrary requirements of applicable law, 60 days after the date of mailing of the Company Notice, which date shall be referred to as the Final Surrender Date, give a written notice of the holder's exercise of such right and surrender the notes (if such notes are represented by a global note, by book-entry transfer to the conversion agent through the facilities of DTC) with respect to which the right is being exercised, duly endorsed for transfer to us, at any place where principal is payable. The submission of such notice, together with such notes pursuant to the exercise of a repurchase right, will be irrevocable on the part of the holder on the Fundamental Change Repurchase Date (unless we fail to repurchase the notes on the Fundamental Change Repurchase Date) and the right to convert the notes will expire 5:00 pm The City of New York time on the business day immediately preceding the Fundamental Change Repurchase Date.

The term "Fundamental Change" shall mean any of the following:

- a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act), other than our existing controlling shareholder William Ding and his affiliates, becoming the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of voting shares (as defined below) of our company entitled to exercise more than 50% of the total voting power of all outstanding voting shares of our company (including any right to acquire voting shares that are not then outstanding of which such person or group is deemed the beneficial owner); or

- any consolidation of us with, or merger of us into, any other person, any merger of another person into us, or any sale, or transfer of all or substantially all of our assets to another person (other than (a) a stock-for-stock merger, (b) a merger that does not result in any reclassification, conversion, exchange or cancellation of outstanding ordinary shares, (c) a merger that is effected solely to change our jurisdiction of incorporation or (d) any consolidation with or merger of us into one of our wholly owned subsidiaries, or any sale or transfer by us of all or substantially all of our assets to one or more of our wholly owned subsidiaries, in any one transaction or a series of transactions; provided, in any such case the resulting corporation or each such subsidiary assumes or guarantees our obligations under the notes); provided, however, that a Fundamental Change shall not occur with respect to any such transaction if either (i) the reference price of our ordinary shares for any five trading days during the ten trading days immediately following the public announcement by us of such transaction is at least equal to 105% of the conversion price in effect on such trading day or (ii) the consideration in such transaction to the holders of ordinary shares consists of cash, securities that are, or immediately upon

issuance will be, listed on a national securities exchange or quoted on The Nasdaq National Market, or a combination of cash and such securities, and the aggregate fair market value of such consideration (which, in the case of such securities, shall be equal to the average of the last sale prices of such securities during the ten consecutive trading day period commencing with the sixth trading day following consummation of the transaction) is at least 105% of the conversion price in effect on the date immediately preceding the closing date of such transaction.

"Voting shares" means all outstanding shares of any class or series (however designated) of capital stock entitled to vote generally in the election of members of the board of directors.

The repurchase right of a holder upon the occurrence of a Fundamental Change could, in certain circumstances, make more difficult or discourage a potential takeover of us and, thus, removal of incumbent management. The Fundamental Change repurchase right, however, is not the result of management's knowledge of any specific effort to accumulate ordinary shares or to obtain control of us by means of a merger, tender offer, solicitation or otherwise. Instead, the Fundamental Change repurchase feature is a standard term contained in other similar debt offerings.

We may not repurchase any note at any time when the subordination provisions of the Indenture otherwise would prohibit us from making such repurchase. If we fail to repurchase the notes when required, this failure will constitute an event of default under the Indenture whether or not repurchase is permitted by the subordination provisions of the Indenture.

We could in the future enter into certain transactions, including highly leveraged recapitalizations, that would not constitute a Fundamental Change and would, therefore, not provide the holders with the protection of requiring us to repurchase the notes.

If a Fundamental Change were to occur, we may not have sufficient funds to pay the repurchase price for the notes tendered by holders. In addition, we may in the future incur debt that has similar Fundamental Change provisions that permit holders of such debt to accelerate or require us to repurchase the debt upon the occurrence of events similar to a Fundamental Change.

Repurchase at Option of a Holder Upon a Delisting Event

In the event that the ADSs of our company are no longer listed or quoted for trading on The Nasdaq National Market or the ordinary shares of our company or any security representing such ordinary shares of our company are not listed or quoted for trading on a national securities exchange in the United States (the occurrence of such an event being referred to in this prospectus as a "Delisting Event"), each holder of notes shall have the right, as its option (the "Delisting Put Option"), to require us to repurchase all of its notes, or any portion thereof that is an integral multiple of $1,000, on the date (the "Delisting Put Date") selected by us that is not less than 10 or more than 30 days after the Delisting Put Surrender Date (as defined below), at a price equal to 100% of the principal amount of the notes, together with accrued and unpaid interest, if any; except in any case in which a Delisting Event occurs as a result of a Merger Event as described under "--Merger and Consolidation," and we redeem the notes as described thereunder. For the avoidance of any doubt, no holder shall be entitled to exercise its Delisting Put Option if we are obliged to exercise the Merger Redemption Option (as defined below) in case of a Merger Event as described under "--Merger and Consolidation."

Within 30 days after the occurrence of the Delisting Event, we will deliver to the trustee and mail to all holders of record of the notes a notice (the "Delisting Notice") describing, among other things, the occurrence of such Delisting Event and the repurchase right arising as a result thereof and specify the

Delisting Put Surrender Date and the Delisting Put Date. We must cause a copy of the Delisting Notice to be published in a newspaper of general circulation in the Borough of Manhattan, The City of New York, which newspaper shall be The Wall Street Journal. To exercise the repurchase right, a holder must, on or before the date (the "Delisting Put Surrender Date") that is, subject to any contrary requirements of applicable law, 60 days after the mailing of the Delisting Notice, give a written notice of the holder's exercise of such right and surrender the notes (if such notes are represented by a global note, by book-entry transfer to the conversion agent through the facilities of DTC) with respect to which the right is being exercised, duly endorsed for transfer to us, at any place where principal is payable on the notes. The submission of such notice, and such surrender of the notes, will become irrevocable on the Delisting Put Date (unless we fail to repurchase the notes on the Delisting Put Date) and the right to convert the notes will expire 5:00 pm The City of New York time on the business day immediately preceding the Delisting Put Date.

Events of Default and Notice Thereof

Each of the following will constitute an event of default under the Indenture:

(1) a default in the payment of principal of, or premium, if any, on any note or of the redemption price or of the repurchase price in respect of any note when due, whether or not prohibited by the subordination provisions of the Indenture;

(2) a default in the payment of interest, if any, on any note which continues for 30 days or more after such payment is due, whether or not prohibited by the subordination provisions of the Indenture;

(3) a default in the performance of any other of our covenants or agreements in the Indenture that continues for 60 days after a written notice is sent to us by the trustee or the holders of at least 25% in principal amount of outstanding notes,

(4) failure by us to make any payment when due, including any applicable grace period, in respect of our indebtedness for borrowed money, which payment is in an amount in excess of $10 million;

(5) default by us with respect to any of our indebtedness for borrowed money, which default results in acceleration of any such indebtedness that is in an amount in excess of $10 million; and

(6) certain events of bankruptcy, insolvency or reorganization.

If an event of default shall occur and be continuing and we provide the trustee with express notice of such event of default in writing, the trustee is required to mail to each holder of the notes a notice of the event of default within 90 days after such default occurs. Except in the case of a default in payment of the principal of, or premium, if any, or interest, if any, on, any note, the trustee may withhold the notice if and so long as the trustee in good faith determines that withholding the notice is in the interests of the holders of the notes.

If an event of default shall occur and be continuing, the trustee or the holders of not less than 25% in principal amount of outstanding notes may declare the principal of, and interest, if any, on, all the notes to be due and payable immediately. If the event of default relates to bankruptcy, insolvency or reorganization, the notes shall automatically become due and payable immediately, subject to applicable law. Any payment by us on the notes following such acceleration will be subject to the subordination

provisions described above. After any such acceleration, but before a judgment or decree based on acceleration, the holders of a majority in aggregate principal amount of the notes may, under certain circumstances, rescind and annul such acceleration if all the events of default, other than the non-payment of accelerated principal, have been cured or waived.

Holders of the notes may not enforce the Indenture or the notes except as provided in the Indenture. Subject to the provisions of the Indenture relating to the duties of the trustee in case an event of default shall occur and be continuing, the trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of the notes, unless the holders shall have offered the trustee indemnity and/or security satisfactory to it. Subject to the indemnification provisions and certain limitations contained in the Indenture, the holders of a majority in principal amount of the notes at the time outstanding will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee. Those holders may, in certain cases, waive any default except a default in payment of principal of, or premium, if any, or interest, if any, on, any note or a failure to comply with certain provisions of the Indenture relating to conversion of the notes.

We are required to furnish the trustee annually with an officer's certificate as to our compliance with the conditions and covenants provided for in the Indenture and specifying any known defaults.

Additional Amounts

All payments in respect of the notes and delivery of ordinary shares upon conversion of the notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Cayman Islands, Hong Kong or the People's Republic of China or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, we shall pay such additional amounts ("Additional Amounts") or deliver such additional ordinary shares, as the case may be, as will result in receipt by the holders of the notes of such amounts such number of ordinary shares as would have been payable or deliverable to the holders had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any tax or other governmental charge that would not have been imposed but for a connection between the holder or beneficial owner of a note and the Cayman Islands, Hong Kong or the People's Republic of China or any political subdivision or any authority thereof or therein, as the case may be, otherwise than merely holding such note.

Unless the context otherwise requires, any reference in the notes to payments shall be deemed to include any Additional Amounts which may be payable as described above.

Discharge

The Indenture provides that we may terminate our obligations under the Indenture at any time by delivering all outstanding notes to the trustee for cancellation if we have paid all sums payable by us under the Indenture. At any time within one year before the maturity of the notes or the redemption of all the notes, we may terminate our substantive obligations under the Indenture, other than our obligations to pay the principal of, and interest, if any, on, the notes, by depositing with the trustee money or U.S. Government obligations sufficient to pay all remaining indebtedness on the notes when due.

Merger and Consolidation

We may not consolidate or merge with or into, or sell, lease, convey or otherwise dispose of all or substantially all of our assets to another corporation, person or entity (a "Merger Event") unless (i) (a) we are the surviving person or the successor or transferee is a corporation organized under the laws of the United States, any state thereof or in the District of Columbia, or a corporation or comparable legal entity organized under the laws of a foreign jurisdiction and whose equity securities are listed on a national securities exchange in the United States or authorized for quotation on The Nasdaq National Market, (b) the successor assumes all our obligations under the notes and the Indenture (except, under certain circumstances, conversion obligations) and enters into a supplemental indenture, (c) after such transaction no event of default exists and (d) we deliver to the trustee an officer's certificate and opinion of counsel that the transaction and the supplemental indenture comply with the Indenture and that all conditions precedent in the Indenture related to the transaction have been complied with or (ii) we redeem the notes in whole for cash at the Merger Redemption Price (as defined below), together with accrued and unpaid interest, if any.

If a Merger Event occurs and we do not meet the criteria under (i) above, we shall have the obligation (the "Merger Redemption Obligation") to redeem for cash all the notes on the date (the "Merger Redemption Date") selected by us that is not less than 10 or more than 30 days after the Merger Redemption Surrender Date (as defined below), at a price equal to the Merger Redemption Price, together with accrued and unpaid interest, if any.

If the Merger Redemption Obligation applies, we will within 30 days after the occurrence of a Merger Event deliver to the trustee and mail (or cause the trustee to mail) to all holders of record of the notes a notice (the "Merger Redemption Notice") describing, among other things, the occurrence of such Merger Event and our obligation to repurchase the notes arising as a result thereof and specifying the Merger Redemption Surrender Date and the Merger Redemption Date. We must cause a copy of the Merger Redemption Notice to be published in a newspaper of general circulation in the Borough of Manhattan, The City of New York, which newspaper shall be The Wall Street Journal. Each holder must, on or before the date (the "Merger Redemption Surrender Date") that is, subject to any contrary requirements of applicable law, 60 days after the date of mailing of the Merger Redemption Notice, surrender the notes (if such notes are represented by a global note, by book-entry transfer to the conversion agent through the facilities of DTC) with respect to which the right is being exercised, duly endorsed for transfer to us, at any place where principal is payable on the notes.

The term "Merger Redemption Price" shall mean, on any date of determination, the sum of (i) 10% of the principal amount of a note plus (ii) the trading price of the notes determined in accordance with the procedures described under "--Conversion Rights--Conversion Upon Satisfaction of Trading Price Condition"; provided however, that if the foregoing sum is less than the principal amount of a note on the determination date, then the Merger Redemption Price shall be the principal amount of a note.

Modification and Waiver

Subject to certain exceptions, supplements of and amendments to the Indenture or the notes may be made by us and the trustee with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding notes and any existing default or compliance with any provisions may be waived with the consent of the holders of a majority in aggregate principal amount of the outstanding notes. Without the consent of any holders of the notes, we and the trustee may amend or supplement the Indenture or the notes to cure any ambiguity, defect or inconsistency, to provide for the assumption of our obligations to holders of the notes and to make certain changes with respect to conversion rights in case of a merger or acquisition otherwise in compliance with the Indenture or to make any change that does not

materially adversely affect the rights of any holder of the notes. Without the consent of the holders of each note affected thereby, an amendment, supplement or waiver may not:

(1) change the stated maturity date of the principal of, or premium, if any, or interest, if any, on, any note, or adversely affect the right to convert any note;

(2) reduce the principal amount or redemption price or repurchase price of, or interest, if any, on, any note;

(3) change the currency for payment of principal of, or interest, if any, on, any note;

(4) impair the right to institute suit for the enforcement of any payment on or with respect to any note;

(5) modify the subordination provisions in a manner materially adverse to the holders of the notes;

(6) reduce the above-stated percentage of outstanding notes necessary to amend or supplement the Indenture or waive defaults or compliance; or

(7) modify (with certain exceptions) any provisions of the Indenture relating to modification and amendment of the Indenture or waiver of compliance with conditions and defaults thereunder.

Concerning the Trustee

The Bank of New York, the trustee under the Indenture, has been appointed by us as the initial paying agent, conversion agent and registrar (the "Registrar") with regard to the notes. We and our subsidiaries may maintain deposit accounts and conduct other banking transactions with the trustee or its affiliates in the ordinary course of business, and the trustee and its affiliates may from time to time in the future provide us with banking and financial services in the ordinary course of their business.

In case an event of default shall occur (and shall not be cured) and holders of the notes have notified the trustee, the trustee will be required to exercise its powers with the degree of care and skill that a prudent person would exercise under the circumstances in the conduct of such person's own affairs. Subject to such provisions, the trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request of any of the holders of notes, unless the holders shall have offered to the trustee indemnity and/or security satisfactory to it.

Governing Law

The Indenture and notes are governed by and construed in accordance with the laws of the State of New York.

Book-Entry Delivery and Form

The notes will be in the form of one or more global securities. The global security has been deposited with the trustee as custodian for DTC and registered in the name of a nominee of DTC. Except as set forth below, the global security may be transferred, in whole and not in part, only to DTC or another nominee of DTC. Holders of notes may hold beneficial interests in the global security directly through DTC if they have an account with DTC or indirectly through organizations which have accounts

with DTC. Notes in definitive certificated form (called "certificated securities") will be issued only in certain limited circumstances described below.

DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York;
- a member of the Federal Reserve System;
- a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
- a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC was created to hold securities of institutions that have accounts with DTC (called "participants") and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, which may include the initial purchaser, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's book-entry system is also available to others such as banks, brokers, dealers and trust companies (called "indirect participants") that clear through or maintain a custodial relationship with a participant, whether directly or indirectly.

Pursuant to procedures established by DTC, DTC credits on its book-entry registration and transfer system the principal amount of notes represented by the global security to the accounts of participants. Ownership of beneficial interests in the global security will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in the global security are shown on, and the transfer of those ownership interests are effected only through, records maintained by DTC (with respect to participants' interests), the participants and the indirect participants. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. These limits and laws may impair the ability to transfer or pledge beneficial interests in the global security.

Beneficial owners of interests in global securities who desire to convert their interests into ordinary shares should contact their brokers or other participants or indirect participants through whom they hold such beneficial interests to obtain information on procedures, including proper forms and cut-off times, for submitting requests for conversion.

So long as DTC, or its nominee, is the registered owner or holder of a global security, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the notes represented by the global security for all purposes under the Indenture and the notes. In addition, no beneficial owner of an interest in a global security will be able to transfer that interest except in accordance with the applicable procedures of DTC. Except as set forth below, as an owner of a beneficial interest in the global security, a holder not be entitled to have the notes represented by the global security registered in its name, will not receive or be entitled to receive physical delivery of certificated securities and will not be considered to be the owner or holder of any notes under the global security. We understand that under existing industry practice if an owner of a beneficial interest in the global security desires to take any action that DTC, as the holder of the global security, is entitled to take, DTC would authorize the participants to take such action and the participants would authorize beneficial owners owning through such participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

We will make payments of principal of, and premium, if any, and interest, if any, on, the notes represented by the global security registered in the name of and held by DTC or its nominee to DTC or its nominee, as the case may be, as the registered owner and holder of the global security. Neither we, the trustee, nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that DTC or its nominee, upon receipt of any payment of principal of, or premium, if any, or interest, if any, on, the global security, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global security as shown on the records of DTC or its nominee. We also expect that payments by participants or indirect participants to owners of beneficial interests in the global security held through such participants or indirect participants will be governed by standing instructions and customary practices and will be the responsibility of such participants or indirect participants. We will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the global security for any note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between DTC and its participants or indirect participants or the relationship between such participants or indirect participants and the owners of beneficial interests in the global security owning through such participants.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account the DTC interests in the global security are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. However, if DTC notifies us that it is unwilling to be a depository for the global security or ceases to be a clearing agency or an event of default has occurred and is continuing under the Indenture, DTC will exchange the global security for certificated securities that it will distribute to its participants and that will be legended, if required.

Although DTC is expected to follow the foregoing procedures in order to facilitate transfers of interests in the global security among participants of DTC, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the trustee will have any responsibility or liability for the performance by DTC or the participants or indirect participants of their respective obligations under the rules and procedures governing their respective operations.

Registration Rights

We have agreed pursuant to a registration rights agreement, with the initial purchaser of the notes, Credit Suisse First Boston LLC, for the benefit of the holders of the notes and the ordinary shares issuable upon the conversion thereof, that we will file the shelf registration statement of which this prospectus is a part with the SEC covering resales of the notes and ordinary shares issuable upon conversion of the notes within 90 days of the initial sale of the notes to Credit Suisse First Boston LLC. We will use our commercially reasonable efforts to cause the shelf registration statement to become effective within 180 days of that initial sale.

We will use commercially reasonable efforts to keep the shelf registration statement effective after its effective date until the date which is the earliest of:

(1) the second anniversary of the effective date of the shelf registration statement,

(2) such time as all the transfer restricted securities have been sold pursuant to the shelf registration statement, transferred pursuant to Rule 144 under the Securities Act or otherwise transferred in a manner that results in such securities not being subject to transfer restrictions under the Securities Act and the absence of a need for a restrictive legend regarding registration under the Securities Act, and

(3) such time as all of the transfer restricted securities held by our nonaffiliates (from the time of issuance) are eligible for sale pursuant to Rule 144(k) under the Securities Act or any successor rule or regulation thereto.

A "transfer restricted security" means any note or ordinary share issuable upon conversion of a note until the date the security has been effectively registered under the Securities Act and disposed of under a shelf registration statement or the date on which the security is distributed to the public pursuant to Rule 144 under the Securities Act or is saleable pursuant to Rule 144(k) under the Securities Act.

We will, in the event the shelf registration statement is filed, among other things, provide to each securityholder for whom such shelf registration statement was filed one copy of the shelf registration statement, notify each such holder when the shelf registration statement has become effective and take certain other actions as are required to permit resales of the transfer restricted securities by such holders to third parties, including one underwritten offering as described below.

We may suspend the use of the prospectus under certain circumstances relating to pending corporate developments, public filings with the SEC and similar events. Any suspension period shall not:

. exceed an aggregate of 45 days for all suspensions in any 90-day period; or

. exceed an aggregate of 120 days for all suspensions in any 12-month period.

In the event that:

(1) by the 180th day after the first date of original issuance of the notes, the shelf registration statement has not been declared effective by the SEC, or

(2) after the shelf registration statement has been declared effective, such shelf registration statement ceases to be effective (subject to the blackout period described above and to certain exceptions described in the registration rights agreement) in connection with resales of transfer restricted securities in accordance with and during the periods specified in the registration rights agreement (each such event referred to in clauses (2) and (3), a "Registration Default"),

additional interest will be payable on the notes from and including the date on which any such Registration Default shall occur to, but excluding the date on which all Registration Defaults have been cured, at the rate of 0.5% per annum so long as such notes are transfer restricted securities. We will have no other liabilities for monetary damages with respect to our registration obligations.

A holder who elects to sell any transfer restricted securities pursuant to the shelf registration statement:

- will be required to deliver a notice and questionnaire to us and be named as a selling securityholder in the related prospectus;

- be required to deliver a prospectus to purchasers;

- will be bound by the provisions of the registration rights agreement that apply to a holder making such an election, including certain indemnification provisions.

We shall use commercially reasonably efforts to add any securityholders who properly complete and deliver a notice and questionnaire to the shelf registration statement as a selling securityholder by means of a pre-effective amendment or, if permitted by the SEC, by means of a post-effective amendment or prospectus supplement; provided that any such failure to file such pre-effective amendment, post-effective amendment or prospectus supplement will not result in the payment of additional interest.

The registration rights agreement provides that holders of at least 33% of the then-outstanding transfer restricted securities may elect to have one underwritten offering of those securities. The managing underwriter(s) for any such offering must be selected by holders of a majority of the transfer restricted securities to be included in the underwritten offering and must be reasonably acceptable to us.

We will pay all registration expenses of the shelf registration; provided that each selling securityholder will be responsible for its share of certain expenses incurred in connection with an offering, as described under "Plan of Distribution" below.

The summary in this prospectus of certain provisions of the registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which is available upon request to us.

Repurchase and Cancellation

All notes surrendered for payment, redemption, registration of transfer or exchange or conversion shall, if surrendered to any person other than the trustee, be delivered to the trustee. All notes delivered to the trustee shall be cancelled promptly by the trustee. No notes shall be authenticated in exchange for any notes cancelled as provided in the Indenture. We may, to the extent permitted by law, repurchase notes in the open market or by tender offer at any price or by private agreement. Any notes repurchased by us may, to the extent permitted by law, be reissued or resold or may, at our option, be surrendered to the trustee for cancellation. Any notes surrendered for cancellation may not be reissued or resold and will be promptly cancelled. Any notes held by us or one of our subsidiaries shall be disregarded for voting purposes in connection with any notice, waiver, consent or direction requiring the vote or concurrence of note holders.

Replacement of Notes

We will replace mutilated, destroyed, stolen or lost notes at a holder's expense upon delivery to the trustee of the mutilated notes, or evidence of the loss, theft or destruction of the notes satisfactory to us and the trustee. In the case of a lost, stolen or destroyed note, indemnity satisfactory to the trustee and us may be required at the expense of the holder of such note before a replacement note will be issued.

DESCRIPTION OF SHARE CAPITAL

As of September 30, 2003, our authorized share capital consisted of 1,000,300,000,000 ordinary shares, par value $0.0001 per share, and there were 3,126,540,189 ordinary shares issued and outstanding. We are a Cayman Islands company and our affairs are governed by our Amended and Restated Memorandum and Articles of Association and the Companies Law (2003 Revision) of the Cayman Islands. The following are summaries of material provisions of our Amended and Restated Memorandum and Articles of Association and the Companies Law insofar as they relate to the material terms of our ordinary shares.

Rights, Preferences and Restrictions of Ordinary Shares

General. All of our outstanding ordinary shares are fully paid and nonassessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares.

Dividends. The holders of ordinary shares are entitled to such dividends as may be declared by our board of directors.

Voting Rights. Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote, including the election of directors. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the Chairman or any other shareholder present in person or by proxy. A quorum required for a meeting of shareholders consists of at least two shareholders present or by proxy.

Any ordinary resolution to be made by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the ordinary shares. A special resolution is required for matters such as a change of name. Holders of the ordinary shares may by ordinary resolution, among other things, elect directors, appoint auditors, and make changes in the amount of our authorized share capital.

Liquidation. On a return of capital on winding up or otherwise (other than on conversion, redemption or repurchase of shares) assets available for distribution among the holders of ordinary shares shall be distributed among the holders of the ordinary shares pro rata. If the assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption of Shares. We may issue shares on the terms that they are, or at our option or at the option of the holders are, subject to redemption on such terms and in such manner as we may determine by special resolution.

Variations of Rights of Shares

All or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Law, be varied either with the consent in writing of the holders of three-fourths of the issued

shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

General Meetings of Shareholders

The directors may whenever they think fit, and they shall on the requisition of our shareholders holding at the date of the deposit of the requisition not less than one-tenth of our paid-up capital as at the date of the deposit carries the right of voting at general meetings of our company, proceed to convene a general meeting of our company. If the directors do not within 21 days from the date of the deposit of the requisition duly proceed to convene a general meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of such 21 days. Advanced notice of at least five days is required for the convening of the annual general meeting and other shareholders meetings.

Limitations on the Right to Own Shares

There are no limitations on the right to own our shares.

Limitations on Transfer of Shares

There are no provisions in our restated memorandum or articles of association that would have an effect of delaying, deferring or preventing a change in control and that would operate only with respect to a merger, acquisition or corporate restructuring.

Disclosure of Shareholder Ownership

There are no provisions our restated memorandum or articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Changes in Capital

We may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital. We may by ordinary resolution:

(a) consolidate and divide all or any of our share capital into shares of larger amount than our existing shares;

(b) sub-divide our existing shares, or any of them into shares of smaller amount than is fixed by our restated memorandum of association, subject nevertheless to the provisions of Section 12 of the Companies Law; or

(c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

We may by special resolution reduce our share capital and any capital redemption reserve fund in any manner authorized by law.

Differences in Corporate Law

The Companies Law is modeled after that of the United Kingdom but does not follow recent United Kingdom statutory enactments and differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to NetEase.com and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. Cayman Islands law does not provide for mergers as that expression is understood under United States corporate law. However, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement in question is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder would have the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it satisfies itself that:

- the statutory provisions as to majority vote have been complied with;

- the shareholders have been fairly represented at the meeting in question;

- the arrangement is such as a businessman would reasonably approve; and

- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a take-over offer is made and accepted by holders of 90% of the shares within four months, the offeror may, within a two month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed unless there is evidence of fraud, bad faith or collusion.

If the arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits. Our Cayman Islands counsel is not aware of any reported class action or derivative action having been brought in a Cayman Islands court. In principle, we will normally be the proper plaintiff and a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, exceptions to the foregoing principle apply in circumstances in which:

- a company is acting or proposing to act illegally or ultra vires;

- the act complained of, although not ultra vires, could be effected only if authorized by more than a simple majority vote;

- the individual rights of the plaintiff shareholder have been infringed or are about to be infringed; or

- those who control the company are perpetrating a "fraud on the minority."

Indemnification. Cayman Islands law does not (other than as set forth hereafter) limit the extent to which a company's organizational documents may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our Articles of Association provide for indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such, except through their own willful neglect or default.

Insofar as indemnification or liability arising under the Securities Act may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, we have been informed that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

The Bank of New York acts as the depositary bank for our American Depositary Shares or ADSs. ADSs represent ownership interests in securities that are on deposit with a depositary bank. ADSs are normally represented by certificates that are commonly known as American Depositary Receipts or ADRs. The depositary bank typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is The Hongkong and Shanghai Banking Corporation Limited, Custody and Clearing, Hong Kong office.

We have appointed The Bank of New York as depositary bank pursuant to a deposit agreement entered into by us, The Bank of New York as depositary, registered holders of outstanding ADSs and the owners of a beneficial interest in ADSs evidenced by ADRs.

You should read this summary together with the deposit agreement and the ADR. You can inspect a copy of the deposit agreement at the corporate trust office of the depositary, currently located at 101 Barclay Street, New York, New York 10286, and at the principal offices of the custodian, which acts as agent of depositary, currently located at Basement 1 & 2, 1 Queen's Road Central, Hong Kong. A copy of the deposit agreement is on file with the U.S. Securities and Exchange Commission under cover of a registration statement on Form F-6. You may obtain a copy of the deposit agreement as indicated under "Where You Can Find More Information."

We are providing you with a summary description of the ADSs and your rights as an owner of ADSs in the event that you convert your notes into ordinary shares and then wish to deposit such ordinary shares for the issuance of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that a holder's rights and obligations as an owner of ADSs will be determined by the deposit agreement and not by this summary. We urge you to review the deposit agreement in its entirety as well as the form of ADR attached to the deposit agreement.

If you become an owner of an ADS, you will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of the ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as owner of ADSs and those of the depositary. As an ADS holder, you appoint the depositary to act on your behalf in certain circumstances. Although the deposit agreement is governed by New York law, our obligations to the holders of our ordinary shares will continue to be governed by the laws of the Cayman Islands, which may be different from the laws in the United States.

You may hold ADRs either directly or indirectly through your broker or other financial institution. If you hold ADRs directly, you are an ADR holder. This description assumes you hold your ADRs directly. If you hold the ADRs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADR holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Deposit, Withdrawal and Cancellation

Each ADS currently represents 100 ordinary shares and will also represent any other securities, cash or other property deposited with The Bank of New York but not distributed to ADS holders. The depositary will only issue ADSs in whole numbers. Accordingly, any amount of ordinary shares which is not divisible into 100 (or the then current conversion ratio) cannot be deposited for the issuance of ADSs, unless it is aggregated with other shares which together are divisible by 100 (or the then current conversion ratio).

The Bank of New York will issue ADRs if you or your broker deposit ordinary shares or evidence of rights to receive ordinary shares with the custodian. The issuance of ADSs may be delayed until the depositary or the custodian receives confirmation that all required approvals have been given and that the number of ordinary shares have been duly transferred to the custodian. In addition, our deposit agreement provides that any ordinary shares deposited for inclusion in the ADS program should be accompanied by appropriate instruments of transfer or endorsement, in the form satisfactory to the custodian, together with any certifications as may be reasonably required by the depositary or the custodian. Ordinary shares cannot be deposited unless, upon deposit, the ordinary shares will be free of all transfer restrictions. Therefore, ordinary shares issued upon conversion of the notes cannot be deposited unless (i) the shares have been resold in a transaction that is effectively registered under the resale registration statement described above under "Description of the Notes--Registration Rights," (ii) the shares have been resold in a transaction that complies with Rule 144 under the Securities Act or (iii) the exemption provided by Rule 144(k) under the Securities Act is available and we have removed the transfer restriction legend from the share certificate at the holder's request. We have been informed by The Bank of New York that it intends to require holders who wish to deposit ordinary shares that may have been issued upon conversion of the notes to provide evidence satisfactory to it that the conditions specified in clause (i), (ii) or (iii) of the preceding sentence have been satisfied. Such holders may also be required to provide a legal opinion to that effect to The Bank of New York at their own expense.

You may turn in your ADRs at The Bank of New York's office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, The Bank of New York will deliver the amount of deposited securities underlying the ADR at the office of the custodian, or, at your request, risk and expense, The Bank of New York will deliver the deposited securities at its office.

Share Dividends and Other Distributions

The Bank of New York has agreed to pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of shares your ADRs represent.

Cash. The Bank of New York will promptly convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If such conversion or distribution can be effected only with the approval or license of any government or agency thereof, The Bank of New York shall file such application for approval or license, if any. If such conversion is not possible on a reasonable basis or any approval or license of any government or agency is needed and cannot be obtained, the deposit agreement allows The Bank of New York to distribute Renminbi only to those ADR holders to whom it is possible to do so. It will hold Renminbi it cannot convert for the account of the ADR holders who have not been paid. It will not invest Renminbi and it will not be liable for interest.

Before making a distribution, any withholding taxes that must be paid under United States law will be deducted. The Bank of New York will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when The Bank of New York cannot convert the Renminbi, you may lose some or all of the value of the distribution.

Shares. The Bank of New York may distribute new ADRs representing any shares we may distribute as a dividend or free distribution, if we furnish it promptly with satisfactory evidence that it is legal to do so. The Bank of New York will only distribute whole ADRs. It will sell shares which would require it to issue a fractional ADR and distribute the net proceeds in the same way as it does with cash. If

The Bank of New York does not distribute additional ADRs, each ADR will also represent the new shares.

Rights to Receive Additional Shares. If we offer holders of our ordinary shares any rights to subscribe for additional shares or any other rights, The Bank of New York may make these rights available to you. We must first instruct The Bank of New York to do so and furnish it with satisfactory evidence that it is legal to do so. If we do not furnish this evidence and/or give these instructions, and The Bank of New York decides it is practical to sell the rights, The Bank of New York will sell the rights and distribute the proceeds, in the same way as it does with cash. The Bank of New York may allow rights that are not distributed or sold to lapse. In that case, you will receive no value for them.

If The Bank of New York makes rights available to you, it will exercise the rights and purchase the shares on your behalf. The Bank of New York will then deposit the shares and issue ADRs to you. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay.

U.S. securities laws may restrict the sale, deposit, cancellation and transfer of the ADRs issued after exercise of rights. For example, you may not be able to trade the ADRs freely in the United States. In this case, The Bank of New York may issue the ADRs under a separate restricted deposit agreement which will contain the same provisions as the deposit agreement, except for the changes needed to put the restrictions in place.

Other Distributions. The Bank of New York will send to you anything else we distribute on deposited securities by means it thinks are legal and practical. If it cannot make the distribution in that way, The Bank of New York has a choice. It may decide to sell what we distributed and distribute the net proceeds in the same way as it does with cash or it may decide to hold what we distributed, in which case the ADRs will also represent the newly distributed property.

The Bank of New York is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holders. We have no obligation to register ADRs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADRs, shares, rights, or anything else to ADR holders. This means that you may not receive the distribution we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.

Voting Rights

You may instruct The Bank of New York to vote the shares underlying your ADRs but only if we ask The Bank of New York to ask for your instructions. Otherwise, you will not be able to exercise your right to vote unless you withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares.

If we ask for your instructions, The Bank of New York will notify you of the upcoming vote and arrange to deliver our voting materials to you. The materials will:

(1) describe the matters to be voted on; and

(2) explain how you, on a specified date, may instruct The Bank of New York to vote the shares or other deposited securities underlying your ADRs as you direct. For instructions to be valid, The Bank of New York must receive them on or before the date specified. The Bank of New York will try, in compliance with Cayman Islands law or Hong Kong

law and the provisions of our memorandum and articles of association, to vote or to have its agents vote the shares or other deposited securities as you instruct. The Bank of New York will only vote or attempt to vote as you instruct.

If The Bank of New York does not receive voting instructions from you by the specified date, it will consider you to have authorized us to vote the number of deposited securities represented by your ADSs. The Bank of New York will give us a discretionary proxy in those circumstances to vote on all questions to be voted upon unless we notify the depositary that:

(1) we do not wish to receive a discretionary proxy;

(2) we think there is substantial shareholder opposition to the particular question; or

(3) we think the particular question would have a material adverse impact on our shareholders.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct The Bank of New York to vote your shares. In addition, The Bank of New York and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and there may be nothing you can do if your shares are not voted as you requested.

Fees and Expenses

ADR holders must pay:	For:
US$5.00 (or less) per 100 ADSs	Each issuance of an ADR, including as a result of a distribution of shares or rights or other property
	Each cancellation of an ADR, including if the agreement terminates
US$1.50 (or less) per ADS	Registration of transfer of receipts
US$0.02 (or less) per ADS	Any cash payment
Registration or Transfer Fees	Transfer and registration of shares on the share register of the Foreign Registrar from your name to the name of The Bank of New York or its agent when you deposit or withdraw shares
Expenses incurred by The Bank of New York	Conversion of Renminbi to U.S. dollars Cable, telex and facsimile transmission expenses
Taxes and other governmental charges The Bank of New York or the Custodian have to pay on any ADR or any share underlying an ADR, for example, stock transfer taxes, stamp duty or withholding taxes	As necessary

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADRs or on the deposited securities underlying your ADRs. The Bank of New York may refuse to transfer your ADRs or allow you to withdraw the deposited securities underlying your ADRs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities underlying your ADRs to pay any taxes owed and you will remain liable for any deficiency. If it sells deposited securities, it will, if appropriate, reduce the number of ADRs to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes.

Reclassifications, Recaptalizations and Mergers

If we:	Then:
. Change the nominal or par value of our shares;	The cash, shares or other securities received by The Bank of New York will become deposited securities. Each ADR will automatically represent its equal share of the new deposited securities.
. Reclassify, split up or consolidate any of the deposited securities;	
. Distribute securities on the shares that are not distributed to you;	The Bank of New York may, and will if we ask it to, distribute some or all of the cash, shares or other securities it received. It may also issue new ADRs or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.
. Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets; or	
. Take any similar action	

Amendment and Termination

We may agree with The Bank of New York to amend the deposit agreement and the ADRs without your consent for any reason. If the amendment will cause any of the following results, the amendment will become effective 30 days after The Bank of New York notifies you of the amendment:

. adds or increases fees or charges, except for:

  -- taxes and other government charges;

  -- registration fees;

  -- cable, telex or facsimile transmission costs; or

  -- delivery costs or other such expenses; or

. prejudices any substantial right of ADR holders.

At the time an amendment becomes effective, you are considered, by continuing to hold your ADRs, to agree to the amendment and to be bound by the ADRs and the deposit agreement, as amended.

The Bank of New York will terminate the deposit agreement if we ask it to do so. In such case, The Bank of New York must notify you at least 30 days before termination. The Bank of New York may also terminate the deposit agreement if The Bank of New York has told us that it would like to resign and we have not appointed a new depositary bank within 90 days.

After termination, The Bank of New York and its agents will be required to do only the following under the deposit agreement:

- advise you that the deposit agreement is terminated; and
- collect distributions on the deposited securities and deliver the deliverable portion of shares and other deposited securities upon cancellation of ADRs.

One year after termination, The Bank of New York may sell any remaining deposited securities by public or private sale. After that, The Bank of New York will hold the proceeds of the sale, as well as any other cash it is holding under the deposit agreement for the pro rata benefit of the ADR holders that have not surrendered their ADRs or are unable to surrender their ADRs because they represent less than a unit of shares. It will not invest the money and will have no liability for interest. The Bank of New York's only obligations will be an indemnification obligation and an obligation to account for the proceeds of the sale and other cash. After termination, our only obligations will be an indemnification obligation and our obligation to pay specified amounts to The Bank of New York.

Limitations on Obligations and Liability to ADR Holders

The deposit agreement expressly limits our obligations and the obligations of The Bank of New York, and it limits our liability and the liability of The Bank of New York. We and The Bank of New York:

- are only obligated to take the actions specifically provided for in the deposit agreement without negligence or bad faith;
- are not liable if either is prevented or delayed by law or circumstances beyond their control from performing their obligations under the deposit agreement;
- are not liable if either exercises discretion permitted under the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADRs or the deposit agreement on your behalf of any other party; and
- may rely upon any documents they believe in good faith to be genuine and to have been signed or presented by the proper party.

In the deposit agreement, we and The Bank of New York agree to indemnify each other under designated circumstances.

Requirements for Depositary Actions

Before The Bank of New York will issue or register the transfer of an ADR, make a distribution on an ADR, or process a withdrawal of shares, The Bank of New York may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and

- compliance with regulations that it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The Bank of New York may refuse to deliver, transfer or register transfers of ADRs generally when our books or the books of The Bank of New York are closed, or at any time if The Bank of New York or we think it advisable to do so.

You have the right to cancel your ADRs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (1) The Bank of New York or we have closed its or our transfer books; (2) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (3) we are paying a dividend on the shares;

- when you or other ADR holders seeking to withdraw shares owe money to pay fees, taxes and similar charges; or

- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADRs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Pre-Release of ADRs

In compliance with the provisions of the deposit agreement, The Bank of New York may issue ADRs before deposit of the underlying shares. This is called a pre-release of the ADR. The Bank of New York may also deliver shares upon cancellation of pre-released ADRs, even if the ADRs are cancelled before the pre-release transaction has been closed out. A pre-release is closed out as soon as the underlying shares are delivered to The Bank of New York. The Bank of New York may receive ADRs instead of shares to close out a pre-release. The Bank of New York may pre-release ADRs only under the following conditions:

- before or at the time of the pre-release, the person to whom the pre-release is being made must represent to The Bank of New York in writing that it or its customer owns the shares or ADRs to be deposited;

- the pre-release must be fully collateralized with cash or other collateral that The Bank of New York considers appropriate; and

- The Bank of New York must be able to close out the pre-release on not more than five business days' notice.

In addition, The Bank of New York will limit the number of ADRs that may be outstanding at any time as a result of pre-release to 30% of total shares deposited, although The Bank of New York may disregard the limit from time to time, if it thinks it is appropriate to do so.

CAYMAN ISLANDS TAXATION

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to NetEase levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain United States federal income tax consequences relating to the purchase, ownership, and disposition of the notes and of the ordinary shares into which the notes may be converted by an initial purchaser. This description does not provide a complete analysis of all potential tax consequences. The information provided below is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, proposed Treasury Regulations, Internal Revenue Service ("IRS") published rulings and court decisions, all as of the date hereof. These authorities may change, possibly on a retroactive basis, or the IRS might interpret the existing authorities differently. In either case, the tax consequences of purchasing, owning or disposing of notes or ordinary shares could differ from those described below. We do not intend to obtain a ruling from the IRS with respect to the tax consequences of acquiring or holding the notes or ordinary shares.

This description is general in nature and does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular investor in light of the investor's particular circumstances, or to certain types of investors subject to special treatment under U.S. federal income tax laws (such as banks or financial institutions, life insurance companies, tax-exempt organizations, dealers in securities or foreign currencies, traders in securities that elect to apply a mark-to-market method of accounting, persons holding notes or ordinary shares as part of a position in a "straddle" or as part of a "hedging," "conversion" or "integrated" transaction for U.S. federal income tax purposes, persons subject to the alternative minimum tax provisions of the Code, and persons that have a "functional currency" other than the U.S. dollar). This description generally applies to purchasers of the notes who hold the notes and the ordinary shares as capital assets. This description does not consider the effect of any foreign, state, local or other tax laws that may be applicable to particular investors.

Investors considering the purchase of notes and ordinary shares should consult their own tax advisors regarding the application of the U.S. federal income tax laws to their particular situations and the consequences of U.S. federal estate or gift tax laws, foreign, state, or local laws, and tax treaties.

U.S. Holders

As used in this prospectus, the term "U.S. Holder" means a beneficial owner of a note or ordinary shares that is (i) a citizen or resident of the U.S. or someone treated as a U.S. citizen or resident for U.S. federal income tax purposes; (ii) a corporation or other entity taxable as a corporation for U.S. federal income tax purposes organized in or under the laws of the U.S. or any political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust, if such trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes, or if (a) a court within the U.S. can exercise primary supervision over its administration and (b) one or more U.S. persons have the authority to control all of the substantial decisions of such trust.

If a partnership (including for this purpose any entity treated as a partnership for U.S. tax purposes) is a beneficial owner of the notes or ordinary shares into which the notes may be converted, the U.S. tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. A holder of the notes or ordinary shares into which the notes may be converted that is a partnership and partners in such partnership should consult their individual tax advisors about the U.S. federal income tax consequences of holding and disposing of the notes and the ordinary shares into which the notes may be converted.

For U.S. federal income tax purposes, U.S. Holders of ADSs will be treated as owners of the underlying shares represented by such ADSs. Accordingly, this discussion of U.S. federal income tax consequences to U.S. Holders of shares applies equally to U.S. Holders of ADSs.

If you are not a U.S. Holder, this subsection does not apply to you and you should refer to "Non-U.S. Holders" below.

Contingent Debt Instrument Rules

If the amount or timing of any payments on a note is contingent, the note could be subject to special rules that apply to contingent debt instruments. These rules generally require a U.S. Holder to accrue interest income at a rate higher than any stated interest rate on a note and to treat as ordinary income (rather than capital gain) any gain recognized on a sale, exchange or retirement of the note before the resolution of the contingencies. If, upon a Merger Event, the company is required to redeem the notes, the amount paid to a U.S. Holder could exceed the principal amount of the notes. Additionally, U.S. Holders would be entitled to interest if the notes are not registered with the SEC within prescribed time periods. We do not believe that, because of these potential additional payments, the notes should be treated as contingent debt instruments. Therefore, for purposes of filing tax on information returns with the IRS, we will not treat the notes as contingent debt instruments. Unless otherwise noted, this discussion assumes that the notes are not subject to the contingent debt instrument rules.

Sale, Exchange or Redemption of the Notes or Conversion of Notes Solely for Cash

Subject to the passive foreign investment company rules discussed below, a U.S. Holder generally will recognize capital gain or loss if the U.S. Holder disposes of a note in a sale, redemption, exchange or conversion of the notes solely for cash. The U.S. Holder's gain or loss will equal the difference between the amount realized by the U.S. Holder and the U.S. Holder's adjusted tax basis in the note. The U.S. Holder's adjusted tax basis in the note will generally equal the amount the U.S. Holder paid for the note. The amount realized by the U.S. Holder will include the amount of any cash and the fair market value of any other property received for the note. The gain or loss recognized by a U.S. Holder on a disposition of the note will be long-term capital gain or loss if the U.S. Holder held the note for more than one year. Long-term capital gains of non-corporate taxpayers are taxed at lower rates than those applicable to ordinary income. The deductibility of capital losses is subject to certain limitations.

Conversion of Note Solely for Ordinary Shares (and Cash in Lieu of a Fractional Ordinary Share, if Any)

A U.S. Holder who converts a note into ordinary shares will not recognize any income, gain or loss, except with respect to cash received in lieu of a fractional ordinary share. The U.S. Holder's aggregate basis in the ordinary shares (including any fractional ordinary share for which cash is paid) will be equal to the U.S. Holder's adjusted basis in the note, and the U.S. Holder's holding period for the ordinary shares will include the period during which the U.S. Holder held the note. The U.S. Holder will recognize gain or loss upon the receipt of cash paid in lieu of a fractional ordinary share measured by the difference between the amount of cash received for the fractional share interest and the U.S. Holder's tax basis in such fractional share interest.

Conversion of Notes Partly for Ordinary Shares and Partly for Cash (Other Than Solely in Lieu of a Fractional Ordinary Share)

A U.S. Holder who converts a note and receives a combination of ordinary shares and cash (other than solely in lieu of a fractional ordinary share), assuming the notes are securities for United States federal income tax purposes, which is likely, will not recognize loss, but will generally recognize gain, if any, on the notes so exchanged in an amount equal to the lesser of the amount of (i) gain "realized" (i.e., the excess, if any, of the fair market value of the ordinary shares received upon exchange plus cash received over the adjusted tax basis in the notes tendered in exchange therefor) or (ii) cash received. Subject to the passive foreign investment company rules discussed below, such gain will be capital gain and will generally be long-term if the U.S. Holder's holding period in respect of such note is more than one year. A U.S. Holder's tax basis in the ordinary shares received should generally equal the adjusted tax basis in notes tendered in exchange therefor, decreased by the cash received, and increased by an amount of gain recognized. A U.S. Holder's holding period in the ordinary shares received upon exchange of notes will include the holding period of the notes so exchanged.

Constructive Dividends

If at any time we make a distribution of property to our stockholders that would be taxable to the stockholders as a dividend for U.S. federal income tax purposes and, in accordance with the anti-dilution provisions of notes, the conversion price of notes is increased, such increase may be deemed to be the payment of a taxable dividend, for United States federal income tax purposes, to U.S. Holders of notes. For example, an increase in the conversion price in the event of distributions of our debt instruments, or our assets, or an increase in the event of an extraordinary cash dividend, generally will result in deemed dividend treatment to holders of notes, but an increase in the event of stock dividends or the distribution of rights to subscribe for our ordinary shares may not.

Taxation of Dividends and Other Distributions on the Ordinary Shares

Subject to the passive foreign investment company rules discussed below, all distributions to a U.S. Holder with respect to the ordinary shares, other than certain pro rata distributions of our shares, will be includible in a U.S. Holder's gross income as ordinary dividend income when received, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits. For this purpose, earnings and profits will be computed under U.S. federal income tax principles. The dividends will not be eligible for the dividends-received deduction allowed to corporations. To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in the ordinary shares, and to the extent the amount of the distribution exceeds the U.S. Holder's tax basis, the excess will be taxed as capital gain.

Dividends paid in Renminbi will be included in your income as a U.S. dollar amount based on the exchange rate in effect on the date that the U.S. Holder receives the dividend, regardless of whether the payment is in fact converted into U.S. dollars. If the U.S. Holder does not receive U.S. dollars on the date the dividend is distributed, the U.S. Holder will be required to include either gain or loss in income when the U.S. Holder later exchanges the Renminbi for U.S. dollars. The gain or loss will be equal to the difference between the U.S. dollar value of the amount that the U.S. Holder includes in income when the dividend is received and the amount that the U.S. Holder receives on the exchange of the Renminbi for U.S. dollars. The gain or loss generally will be ordinary income or loss from United States sources. If we distribute as a dividend non-cash property, the U.S. Holder will generally include in income an amount equal to the U.S. dollar equivalent of the fair market value of the property on the date that it is distributed.

Dividends will constitute foreign source income for foreign tax credit limitation purposes. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to the ordinary shares will be "passive income" or, in the case of certain U.S. Holders, "financial services income." In particular circumstances, a U.S. Holder that (i) has held the ordinary shares for less than a specified minimum period during which it is not protected from risk of loss, (ii) is obligated to make payments related to the dividends, or (iii) holds the ordinary shares in arrangements in which the U.S. Holder's expected economic profit, after non-U.S. taxes, is insubstantial will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on the ordinary shares.

Distributions to a U.S. Holder of shares or rights to subscribe for shares that are received as part of a pro rata distribution to all our shareholders should not be subject to U.S. federal income tax. The basis of the new shares or rights so received will be determined by allocating the U.S. Holder's tax basis in the ordinary shares between the ordinary shares and the new shares or rights received, based on their relative fair market values on the date of distribution. However, the basis of the new shares or rights will be zero if (i) the fair market value of the new shares or rights is less than 15% of the fair market value of the old ordinary shares at the time of distribution and (ii) the U.S. Holder does not make an election to determine the basis of the new shares by allocation as described above. The U.S. Holder's holding period in the new shares or rights will generally include the holding period of the old ordinary shares on which the distribution was made.

Taxation of Disposition of Ordinary Shares

Subject to the passive foreign investment company rules discussed below, a U.S. Holder will recognize taxable gain or loss on any sale or exchange of an ordinary shares equal to the difference between the amount realized (in U.S. dollars) for the ordinary shares and the U.S. Holder's tax basis (in U.S. dollars) in the ordinary shares. The gain or loss will be capital gain or loss. Any gain or loss that you recognize will generally be treated as United States source income or loss, except that losses will be treated as foreign source losses to the extent you received dividends that were includible in the financial services income basket during the 24-month period prior to the sale.

Passive Foreign Investment Company

We believe we were a passive foreign investment company for U.S. federal income tax purposes for the taxable years ended on December 31st of 2000, 2001 and 2002, and we cannot be certain whether we will be treated as a passive foreign investment company for the taxable year ending on December 31st of 2003. If we are a passive foreign investment company in 2003, or in any subsequent year in which a U.S. Holder holds the notes or ordinary shares, the U.S. Holder generally will be subject to increased U.S. tax liabilities and reporting requirements on receipt of certain dividends or on a disposition of ordinary shares or, under proposed regulations, notes, although a shareholder election to terminate such deemed passive foreign investment company status may be made in certain circumstances. U.S. Holders should consult their own tax advisors regarding our status as a passive foreign investment company, the consequences of an investment in a passive foreign investment company, and the consequences of making a shareholder election to terminate deemed passive foreign investment company status if we no longer meet the income or asset test for passive foreign investment company status in a subsequent taxable year.

A company is considered a passive foreign investment company for any taxable year if either

. at least 75% of its gross income is passive income, or

- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock of such corporation.

The determination that we were a passive foreign investment company for the 2000, 2001 and 2002 taxable years was based on our valuations of our assets, including goodwill. In calculating goodwill, we have valued our total assets based on our total market value determined using the average of the quarterly selling prices of the shares for the relevant year and have made a number of assumptions regarding the amount of this value allocable to goodwill. We believe our valuation approach is reasonable. However, it is possible that the Internal Revenue Service, or IRS, will challenge the valuation of our goodwill, which may result in it becoming even more likely that we would be classified as a passive foreign investment company for the 2003 taxable year as well as for subsequent years. In addition, if our actual acquisitions and capital expenditures do not match our projections, the likelihood that we are or will be classified as a passive foreign investment company may also increase.

A separate determination must be made each year as to whether we are a passive foreign investment company. As a result, our passive foreign investment company status may change.

If we are a passive foreign investment company for any taxable year during which a U.S. Holder holds notes or ordinary shares, the U.S. Holder will be subject to special tax rules with respect to (i) any "excess distribution" that the U.S. Holder receives on ordinary shares and (ii) any gain the U.S. Holder realizes from a sale or other disposition (including a pledge) of (a) the ordinary shares or (b), under proposed regulations which are not yet effective, but are proposed to be effective from April 11, 1992, notes, unless the U.S. Holder makes a "mark-to-market" election as discussed below. Distributions the U.S. Holder receives in a taxable year that are greater than 125% of the average annual distributions the U.S. Holder received during the shorter of the three preceding taxable years or the U.S. Holder's holding period for the ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ordinary shares or notes,

- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a passive foreign investment company, will be treated as ordinary income, and

- the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses, and gains (but not losses) realized on the sale of the ordinary shares or notes cannot be treated as capital, even if the U.S. Holder holds the ordinary shares or notes as capital assets.

A U.S. shareholder of a passive foreign investment company may avoid taxation under the excess distribution rules discussed above by making a "qualified electing fund" election to include the U.S.

Holder's share of our income on a current basis. However, a U.S. Holder may make a qualified electing fund election only if the passive foreign investment company agrees to furnish the shareholder annually with certain tax information, and we do not presently intend to prepare or provide such information.

Alternatively, a U.S. Holder of "marketable stock" in a passive foreign investment company may make a mark-to-market election for stock of a passive foreign investment company to elect out of the excess distribution rules discussed above. If a U.S. Holder makes a mark-to-market election for the ordinary shares, the U.S. Holder will include in income each year an amount equal to the excess, if any, of the fair market value of the ordinary shares as of the close of its taxable year over the U.S. Holder's adjusted basis in such ordinary shares. A U.S. Holder is allowed a deduction for the excess, if any, of the adjusted basis of the ordinary shares over their fair market value as of the close of the taxable year only to the extent of any net mark-to-market gains on the ordinary shares included in the U.S. Holder's income for prior taxable years. Amounts included in a U.S. Holder's income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ordinary shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the ordinary shares, as well as to any loss realized on the actual sale or disposition of the ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ordinary shares. A U.S. Holder's basis in the ordinary shares will be adjusted to reflect any such income or loss amounts. The tax rules that apply to distributions by corporations which are not passive foreign investment companies would apply to distributions by us.

The mark-to-market election is available only for stock which is regularly traded on a national securities exchange that is registered with the Securities and Exchange Commission or on Nasdaq, or an exchange or market that the U.S. Secretary of the Treasury determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. The mark-to-market election would be available to a U.S. Holder unless our ordinary shares are delisted from The Nasdaq National Market and do not subsequently become regularly traded on The Nasdaq SmallCap Market or other qualified exchange or market.

A U.S. Holder who holds ordinary shares in any year in which we are a passive foreign investment company would be required to file IRS Form 8621 regarding distributions received on the ordinary shares and any gain realized on the disposition of the ordinary shares.

Non-U.S. Holders

A Non-U.S. Holder generally will not be subject to U.S. federal income tax on dividends paid by us or on additional payments received with respect to the notes unless the income is effectively connected with the Non- U.S. Holder's conduct of a trade or business in the United States.

A Non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain attributable to a sale or other disposition of the notes or ordinary shares unless such gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States or the Non-U.S. Holder is a natural person who is present in the United States for 183 days or more and certain other conditions exist. Dividends and gains that are effectively connected with a Non-U.S. Holder's conduct of a trade or business in the United States generally will be subject to tax in the same manner as they would be if the Non-U.S. Holder were a U.S. Holder, except that the passive foreign investment company rules will not apply. Effectively connected dividends and gains received by a corporate Non-U.S. Holder may also be subject to an additional branch profits tax at a 30% rate or a lower tax treaty rate.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to dividends in respect of the ordinary shares or the proceeds received on the sale, exchange or redemption of ordinary shares or notes paid within the United States (and, in certain cases, outside the United States) to U.S. Holders other than certain exempt recipients, such as corporations, and backup withholding tax may apply to such amounts if the U.S. Holder fails to provide an accurate taxpayer identification number or to report interest and dividends required to be shown on its U.S. federal income tax returns. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as credit against the U.S. Holder's U.S. federal income tax liability provided that the appropriate returns are filed.

A Non-U.S. Holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status to the payor, under penalties of perjury, on IRS Form W-8BEN.

SELLING SECURITYHOLDERS

We originally issued the notes in a private placement on July 14, 2003 to the initial purchaser, Credit Suisse First Boston LLC. The initial purchaser has informed us that it resold the notes to purchasers in transactions exempt from registration pursuant to Rule 144A promulgated under the Securities Act. Selling securityholders may offer and sell the notes and the underlying ordinary shares pursuant to this prospectus.

The following table contains information as of October 10, 2003 with respect to the selling securityholders and the principal amount of notes and the underlying ordinary shares beneficially owned by each selling securityholder that may be offered using this prospectus. Unless set forth below and except for the initial purchaser referenced above, none of the selling securityholders has had within the past three years any material relationship with us or any of our predecessors or affiliates.

Name	Principal Amount at Maturity of Notes Beneficially Owned That May Be Sold	Percentage of Notes Outstanding	Number of Ordinary Shares That May Be Sold (1)	Percentage of Ordinary Shares Outstanding(2) (3)
Arbitex Master Fund, L.P.	$ 7,500,000	7.50%	15,576,324	*
Argent Classic Convertible Arbitrage Fund (Bermuda) Ltd.	$ 1,300,000	1.30%	2,699,896	*
Argent Classic Convertible Arbitrage Fund L.P.	$ 600,000	*	1,246,106	*
Context Convertible Arbitrage Fund, LP	$ 800,000	*	1,661,475	*
Context Convertible Arbitrage Offshore, Ltd.	$ 1,200,000	1.20%	2,492,212	*
Credit Suisse First Boston LLC	$ 5,000,000	5.00%	10,384,216	*
Forest Fulcrum Fund LP	$ 840,000	*	2,273,748	*
Forest Multi-Strategy Master Fund SPC	$ 1,145,000	1.145%	2,377,985	*
Forest Global Convertible Fund, Ltd. Class A-5	$ 3,003,000	3.00%	6,230,529	*
Credit Suisse First Boston LLC	$ 5,000,000	5.00%	10,384,216	*
JMG Capital Partners L.P.	$ 5,000,000	5.00%	10,384,216	*
JMG Triton Offshore Fund, Ltd.	$ 5,000,000	5.00%	10,384,216	*
KBC Financial Products USA Inc.	$ 2,380,000	2.38%	4,942,886	*
Relay 11 Holdings Co.	$ 204,000	*	423,676	*
Satellite Convertible Arbitrage Master Fund, LLC	$ 5,000,000	5.00%	10,384,216	*
Sphinx Convertible Arbitrage SPC	$ 119,000	*	247,144	*
Xavex Convertible Arbitrage 10 Fund	$ 100,000	*	207,684	*

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* Less than 1%.

(1) Assumes conversion of all of the holder's notes at a conversion price of 0.4815 per ordinary share. This conversion price is subject to adjustment as described under "Description of Notes--Conversion Rights." As a result, the number of ordinary shares issuable upon conversion of the notes may increase in the future.
(2) Calculated based on Rule 13d-3(d)(i) of the Exchange Act, using 3,126,540,189 ordinary shares outstanding as of October 8, 2003. In calculating this amount for each holder, we treated as outstanding the number of ordinary shares issuable upon conversion of all of that holder's notes, but we did not assume conversion of any other holder's notes.
(3) Assumes that all holders of notes, or any future transferees, pledgees, donees or successors of or from such holders of notes, do not beneficially own any ordinary shares other than the ordinary shares issuable upon conversion of the notes at the initial conversion rate.

We prepared this table based on the information supplied to us by the selling securityholders named in the table. The selling securityholders listed in the above table may have sold or transferred, in transactions exempt from the registration requirements of the Securities Act, some or all of their notes since the date on which the information in the above table is presented. Information about the selling securityholders may change from time to time. Any changed information with respect to which we are given notice will be set forth in prospectus supplements or amendments.

Because the selling securityholders may offer all or some of their notes or the underlying ordinary shares from time to time, we cannot estimate the amount of the notes or underlying ordinary shares that will be held by the selling securityholders upon the termination of any particular offering. See "Plan of Distribution."

PLAN OF DISTRIBUTION

We will not receive any of the proceeds of the sale of the notes or the ordinary shares issued upon conversion of the notes offered by this prospectus. The notes and the underlying ordinary shares may be sold from time to time to purchasers:

- directly by the selling securityholders;
- through underwriters, broker-dealers or agents who may receive compensation in the form of discounts, concessions or commissions from the selling securityholders or the purchasers of the ordinary shares.

The selling securityholders and any such broker-dealers or agents who participate in the distribution of the notes and the underlying ordinary shares may be deemed to be "underwriters." As a result, any profits on the sale of the notes and the underlying ordinary shares by selling securityholders and any discounts, commissions or concessions received by any such broker-dealers or agents might be deemed to be underwriting discounts and commissions under the Securities Act. If the selling securityholders were to be deemed underwriters, the selling securityholders may be subject to certain statutory liabilities of, including, but not limited to, Sections 11, 12 and 17 of the Securities Act and Rule 10b-5 under the Exchange Act.

If the notes and the underlying ordinary shares are sold through underwriters or broker-dealers, the selling securityholders will be responsible for underwriting discounts or commissions or agent's commissions in addition to the other fees and expenses set forth at the end of this section.

The notes and the underlying ordinary shares may be sold in one or more transactions at:

- fixed prices;
- prevailing market prices at the time of sale;
- varying prices determined at the time of sale; or
- negotiated prices.

These sales may be effected in transactions:

- on any national securities exchange or quotation service on which the notes and underlying ordinary shares may be listed or quoted at the time of the sale, if any, including in the form of ADSs representing ordinary shares;
- in the over-the-counter market;
- in transactions otherwise than on such exchanges or services or in the over-the-counter market; or
- through the writing of options.

These transactions may include block transactions or crosses. Crosses are transactions in which the same broker acts as an agent on both sides of the trade.

In connection with sales of the notes and the underlying ordinary shares, the selling securityholders may enter into hedging transactions with broker-dealers. These broker-dealers may in turn engage in short sales of the notes and the underlying ordinary shares in the course of hedging their positions. The selling securityholders may also sell the notes and the underlying ordinary shares short and deliver notes and the underlying ordinary shares to close out short positions, or loan or pledge notes and

the underlying ordinary shares to broker-dealers that in turn may sell the notes and the underlying ordinary shares.

To our knowledge, there are currently no plans, arrangements or understandings between any selling securityholders and any underwriter, broker-dealer or agent regarding the sale of the notes and the underlying ordinary shares by the selling securityholders. Selling securityholders may not sell any or all of the notes and the underlying ordinary shares offered by them pursuant to this prospectus. In addition, we cannot assure you that any such selling securityholder will not transfer, devise or gift the notes and the underlying ordinary shares by other means not described in this prospectus.

ADSs representing our ordinary shares are listed on the Nasdaq National Market under the symbol "NTES." We do not intend to apply for the listing of the notes or the underlying ordinary shares on any securities exchange or for quotation through the Nasdaq National Market, but the notes are eligible for trading in The Portal(SM) Market, a subsidiary of The Nasdaq Stock Market. We cannot assure that the notes or the ordinary shares will be liquid or that any trading for the notes will develop.

There can be no assurance that any selling securityholder will sell any or all of the notes and the underlying ordinary shares pursuant to this prospectus. In addition, any notes and the underlying ordinary shares covered by this prospectus that qualify for sale pursuant to Rule 144 or Rule 144A of the Securities Act may be sold under Rule 144 or Rule 144A rather than pursuant to this prospectus.

The selling securityholders and any other person participating in such distribution will be subject to the Securities Exchange Act of 1934, or the Exchange Act. The Exchange Act rules include, without limitation, Regulation M, which may limit the timing of purchases and sales of any of the notes and the underlying ordinary shares by the selling securityholders and any other such person. In addition, Regulation M of the Exchange Act may restrict the ability of any person engaged in the distribution of the notes and the underlying ordinary shares to engage in market-making activities with respect to the particular notes and the underlying ordinary shares being distributed for a period of up to five business days prior to the commencement of such distribution. This may affect the marketability of the notes and the underlying ordinary shares and the ability of any person or entity to engage in market-making activities with respect to the notes and the underlying ordinary shares.

Pursuant to the registration rights agreement filed as an exhibit to this registration statement, we and the selling securityholders will be indemnified by the other against certain liabilities, including certain liabilities under the Securities Act or will be entitled to contribution in connection with these liabilities.

We have agreed to pay all of the expenses incidental to the registration, offering and sale of the notes and the underlying ordinary shares to the public other than:

- costs incurred in connection with the printing and delivery of prospectuses pursuant to Section 2(f) of the registration rights agreement;
- costs incurred in connection with obtaining an opinion of counsel, a comfort letter from our independent accountants and certain other documents pursuant to Section 2(q) of the registration rights agreement;
- all expenses payable in connection with a selling securityholder's deposit of ordinary shares with The Bank of New York for the issuance of ADSs; and

- if the offering is underwritten:
  - underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of the securities pursuant to this prospectus;
  - out-of-pocket expenses we reasonably incur in:
    - facilitating an underwritten offering pursuant to Section 2(o) of the registration rights agreement;
    - confirming or obtaining a rating for the notes, if so requested pursuant to Section 2(r) of the registration rights agreement; and
    - assisting underwriters to comply with the rules of the National Association of Securities Dealers, Inc., if applicable, pursuant to Section 2(s) of the registration rights agreement.

The following table sets forth the expenses, other than any expenses payable by the selling securityholders as provided above, in connection with the issuance and distribution of the securities being registered. All amounts indicated are estimates (other than the registration fee):

Registration fee	$ 12,292
Accounting fees and expenses	$ 8,000
Printing and engraving	$ 8,000
Legal fees and expenses of the registrant	$ 25,000
Miscellaneous	$ 5,000
Total	$ 58,292

LEGAL MATTERS

The validity of the notes and ordinary shares issuable upon conversion of the notes has been passed upon for our company by Maples and Calder Asia.

INDEPENDENT AUDITORS

The consolidated financial statements of NetEase and subsidiaries as of December 31, 2000 and 2001 and for the years ended December 31, 1999, 2000 and 2001, incorporated by reference in this registration statement, were audited by Arthur Andersen . Hua Qiang, as stated in their report incorporated by reference in this prospectus. Arthur Andersen . Hua Qiang has ceased operations.

The consolidated financial statements as of and for the year ended December 31, 2002, incorporated by reference in this registration statement, have been audited by PricewaterhouseCoopers, independent auditors, as stated in their report incorporated by reference in this prospectus.

Arthur Andersen . Hua Qiang has not consented to the incorporation by reference of their report on the financial statements of NetEase.com, Inc. for the three years ended December 31, 2001 in this registration statement, and we have dispensed with the requirement to file their consent in reliance upon Rule 437a of the Securities Act of 1933. Because Arthur Andersen . Hua Qiang has not consented to the incorporation by reference of their report in this registration statement, you will not be able to recover against Arthur Andersen . Hua Qiang under Section 11 of the Securities Act of 1933 for any untrue statements of a material fact contained in the financial statements audited by Arthur Andersen . Hua Qiang or any omissions to state a material fact required to be stated therein.

NETEASE.COM, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
FOR THE SIX MONTHS ENDED JUNE 30, 2003

	Note	December 31, 2002	June 30, 2003	June 30, 2003
		RMB	RMB (Unaudited)	US$ (Unaudited)
Assets				
Current assets:				
Cash		560,069,711	728,706,065	88,033,496
Restricted cash		1,208,305	1,217,622	147,098
Prepayments and other current assets		6,110,689	11,839,622	1,430,321
Due from related parties, net		22,448,509	8,063,540	974,140
Total current assets		589,837,214	749,826,849	90,585,055
Non-current rental deposit		1,065,912	1,273,337	153,829
Property, equipment and software, net		26,379,182	25,680,523	3,102,412
Deferred tax assets	2	2,395,888	9,387,280	1,134,058
Total assets		619,678,196	786,167,989	94,975,354
Liabilities & Shareholders' Equity				
Current liabilities:				
Accounts payable		3,814,614	4,419,563	533,919
Salary and welfare payable		16,023,380	13,089,024	1,581,258
Taxes payable	2	8,252,950	19,900,665	2,404,159
Deferred revenue		165,115	-	-
Accrued liabilities		10,398,385	12,319,852	1,488,336
Total current liabilities		38,654,444	49,729,104	6,007,672
Long-term payable		-	316,315	38,213
Total liabilities		38,654,444	50,045,419	6,045,885
Shareholders' equity:				
Ordinary shares, US$0.0001 par value: 1,000,300,000,000 shares authorized, 3,100,162,537 shares issued and outstanding as of December 31, 2002, and 3,145,561,689 shares issued and outstanding as of June 30, 2003	3	2,566,543	2,604,111	314,597
Additional paid-in capital	3	1,049,651,354	1,059,750,050	128,026,246
Less: Subscriptions receivable		(33,113,848)	(33,113,848)	(4,000,416)
Deferred compensation		(474,739)	(196,515)	(23,741)
Translation adjustments		228,910	210,838	25,471
Accumulated deficit		(437,834,468)	(293,132,066)	(35,412,688)
Total shareholders' equity		581,023,752	736,122,570	88,929,469
Total liabilities and shareholders' equity		619,678,196	786,167,989	94,975,354

The accompanying notes are an integral part of these condensed consolidated financial statements.

NETEASE.COM, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)

	Note	For the Six Months Ended June 30, 2002 RMB (Unaudited)	June 30, 2003 RMB (Unaudited)	June 30, 2003 US$ (Unaudited)
Revenues:				
E-commerce and other services	4	50,305,380	221,110,803	26,711,946
Advertising services from related parties		11,975,760	32,821,080	3,965,048
Software licensing and related integration projects		157,539	165,115	19,947
		62,438,679	254,096,998	30,696,941
Sales and value-added taxes		(3,122,580)	(12,704,850)	(1,534,847)
Net revenues		59,316,099	241,392,148	29,162,094
Cost of revenues:				
E-commerce, advertising and other services		(29,002,467)	(42,104,054)	(5,086,505)
Share compensation cost		(954,064)	-	-
Total cost of revenues		(29,956,531)	(42,104,054)	(5,086,505)
Gross profit		29,359,568	199,288,094	24,075,589
Operating expenses:				
Selling, general and administrative expenses		(44,164,828)	(49,276,764)	(5,953,025)
Asset impairment loss		(746,857)	-	-
Research and development expenses		(7,449,972)	(8,286,157)	(1,001,034)
Share compensation cost		(1,243,421)	(278,224)	(33,612)
Total operating expenses		(53,605,078)	(57,841,145)	(6,987,671)
Operating profit (loss)		(24,245,510)	141,446,949	17,087,918
Other income (expenses):				
Interest income		4,230,815	3,646,491	440,525
Interest expense		(1,209,117)	-	-
Other, net		3,468,434	5,673,376	685,389
Profit (loss) before tax		(17,755,378)	150,766,816	18,213,832
Income tax	2	-	(6,064,414)	(732,630)
Net profit (loss)		(17,755,378)	144,702,402	17,481,202
Other comprehensive income (loss)				
Currency translation adjustment		1,664	(18,072)	(2,183)
Comprehensive income (loss)		(17,753,714)	144,684,330	17,479,019
Net earnings (loss) per share, basic		(0.01)	0.05	0.01
Net earnings (loss) per ADS, basic		(0.59)	4.64	0.56
Net earnings (loss) per share, diluted		(0.01)	0.04	0.01
Net earnings (loss) per ADS, diluted		(0.59)	4.47	0.54
Weighted average number of ordinary shares outstanding, basic	5	3,033,407,311	3,118,601,020	3,118,601,020
Weighted average number of ADS outstanding, basic		30,334,073	31,186,010	31,186,010
Weighted average number of ordinary shares outstanding, diluted	5	3,033,407,311	3,237,539,818	3,237,539,818
Weighted average number of ADS outstanding, diluted		30,334,073	32,375,398	32,375,398

The accompanying notes are an integral part of these condensed consolidated financial statements.

NETEASE.COM, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS

	For the Six Months Ended		
	June 30, 2002	June 30, 2003	June 30, 2003
	RMB (Unaudited)	RMB (Unaudited)	US$ (Unaudited)
Cash flows from operating activities:			
Net profit (loss)	(17,755,378)	144,702,402	17,481,202
Adjustments for:			
Depreciation	8,203,558	7,843,481	947,555
Share compensation cost	2,197,485	278,224	33,612
Increase (Decrease) in provision for doubtful debts	(5,378)	2,527,133	305,298
Provision for assets impairment loss	746,857	-	-
(Increase) Decrease in prepayments and other current assets	1,433,074	(5,728,933)	(692,101)
(Increase) Decrease in due from related parties	(12,506,261)	11,857,836	1,432,521
Decrease in deferred assets	783,352	-	-
Increase in deferred tax assets	-	(6,991,392)	(844,616)
Increase in accounts payable	1,944,401	604,949	73,083
Increase (Decrease) in deferred revenue	354,461	(165,115)	(19,947)
Increase (Decrease) in salary and welfare payable	4,345,229	(2,934,356)	(354,494)
Increase in taxes payable	1,603,672	11,647,715	1,407,137
Increase (Decrease) in accrued liabilities	(3,445,822)	1,921,467	232,129
Increase (Decrease) in long-term payables	-	316,315	38,213
Net cash provided by (used in) operating activities	(12,100,750)	165,879,726	20,039,592
Cash flows from investing activities			
Decrease in temporary cash investment	45,521,300	-	-
Purchase of property, equipment and software	(4,277,181)	(7,144,822)	(863,151)
Decrease in investment in convertible preference shares	9,701,293	-	-
(Increase) Decrease in non-current deposit	1,087,487	(207,425)	(25,059)
Net cash provided by (used in) investing activities	52,032,899	(7,352,247)	(888,210)

NETEASE.COM, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS
(Cont'd)

	For the Six months ended		
	June 30, 2002	June 30, 2003	June 30, 2003
	RMB (Unaudited)	RMB (Unaudited)	US$ (Unaudited)
Cash flows from financing activities:			
Repayment of short-term bank loans	(84,000,000)	-	-
Proceeds from exercise of employee stock options	-	10,136,264	1,224,541
Collection of subscriptions receivable from issuance of Series B preference shares	1,986,720	-	-
Net cash provided by (used in) financing activities	(82,013,280)	10,136,264	1,224,541
Effect of exchange rate changes on cash	1,664	(18,072)	(2,183)
Net increase (decrease) in cash	(42,079,467)	168,645,671	20,373,740
Less: (Increase) Decrease in restricted cash	89,112,548	(9,317)	(1,126)
Cash, beginning of the period	479,608,534	560,069,711	67,660,881
Cash, end of the period	526,641,615	728,706,065	88,033,495
Supplemental disclosures of cash flow information:			
Cash paid during the period for income taxes	-	6,064,414	732,630
Cash paid during the period for interest	1,165,504	-	-
Supplemental schedule of non-cash investing and financing activities:			
Compensation costs, arising from transfer of ordinary shares and issuance on stock options in the Company to senior management personnel and some non-employees of the Company	2,197,485	278,224	33,612

The accompanying notes are an integral part of these condensed consolidated financial statements.

NETEASE.COM, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Ordinary Shares		Additional	Subscriptions	Deferred	Retained earnings (Accumulated	Translation	Total shareholders'
	Share	Amount	paid-in capital	receivable	compensation	deficit)	adjustments	equity
		RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as of December 31, 2001	3,024,175,192	2,503,626	1,044,889,829	(35,100,568)	(3,344,574)	(454,136,106)	217,327	555,029,534
Collection of subscriptions receivable	-	-	-	1,986,720	-	-	-	1,986,720
Ordinary shares issued to a senior officer of the Company as compensation	6,250,000	5,175	(5,175)		335,961	-	-	335,961
Ordinary shares issued for services to be provided by certain employees	12,481,159	9,943	622,812		182,895	-	-	815,650
Share compensation cost	-	-	252,873		787,486	-	-	1,040,359
Net profit	-	-	-	-	-	(17,755,378)	-	(17,755,378)
Translation adjustments	-	-		-		-	1,664	1,664
Balance as of June 30, 2002	3,042,906,351	2,518,744	1,045,760,339	(33,113,848)	(2,038,232)	(471,891,484)	218,991	541,454,510

	Ordinary Shares		Additional	Subscriptions	Deferred	Retained earnings (Accumulated	Translation	Total shareholders'
	Share	Amount	paid-in capital	receivable	compensation	deficit)	adjustments	equity
		RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as of December 31, 2002	3,100,162,537	2,566,543	1,049,651,354	(33,113,848)	(474,739)	(437,834,468)	228,910	581,023,752
Ordinary shares issued to a senior officer of the Company as compensation	2,500,000	2,070	(2,070)	-	134,060	-	-	134,060
Ordinary shares issued for services to be provided by certain employees	853,952	707	(707)	-	88,236	-	-	88,236
Ordinary shares issued upon exercise of employee options	42,045,200	34,791	10,101,473	-	-	-	-	10,136,264
Share compensation cost	-	-	-	-	55,928	-	-	55,928
Net profit	-	-	-	-	-	144,702,402	-	144,702,402
Translation adjustments	-	-	-	-	-	-	(18,072)	(18,072)
Balance as of June 30, 2003	3,145,561,689	2,604,111	1,059,750,050	(33,113,848)	(196,515)	(293,132,066)	210,838	736,122,570

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Principal Accounting Policies

Basis of consolidation

The accompanying condensed consolidated financial statements include the financial statements of NetEase.com, Inc. (the "Company") and its controlled entities (the "Group"). All significant transactions and balances between the Company and its controlled entities have been eliminated upon consolidation.

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). This basis of accounting differs from that used in the statutory accounts of those companies within the Group established in China ("PRC Statutory Accounts"), which are prepared in accordance with accounting principles and the relevant financial regulations applicable to enterprises established in China ("PRC GAAP").

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet dates and the reported amounts of revenues and expenses during the reporting periods. Actual results might differ from those estimates.

The principal differences between US GAAP and PRC GAAP applicable to the Group include the following:

- recognition of compensation costs arising from transfer of ordinary shares in the Company by the principal shareholder to certain members of senior management;
- recognition of compensation cost arising from grants of stock options to the Company's employees, directors, consultants and advisory board members;
- basis for revenue recognition; and
- tax effects related to the above adjustments and recognition of deferred tax assets.

The financial information as of and for the six months ended June 30, 2002 and 2003 are unaudited, but reflect all material recurring period end accruals and cut-off adjustments which are considered necessary for a fair presentation of the unaudited financial information.

1. Principal Accounting Policies (Cont'd)

Revenue recognition

The Group has adopted the provisions of the Staff Accounting Bulletin 101, "Revenue Recognition", in its accounting policy on revenue recognition.

E-commerce and other services

The Group currently derives all its e-commerce and other services revenues from fees earned from services provided to Guangzhou NetEase Computer System Company Limited ("Guangzhou NetEase"), a related party. The Company derives e-commerce and other services revenues from technical services provided to Guangzhou NetEase which operates the NetEase Web sites for transactions conducted through the Internet. The agreements entered into between NetEase Beijing and Guangzhou NetEase allow NetEase Beijing to unilaterally adjust the amount of fees NetEase Beijing is entitled to from the technical services provided to Guangzhou NetEase such that all of the e-commerce and other services revenues recognized by Guangzhou NetEase based on the recognition policy described below, net of 5.5% business tax and certain surcharges, will fully accrue to NetEase Beijing.

A substantial portion of the transactions conducted by Guangzhou NetEase for which the Group provides technical services to Guangzhou NetEase represents wireless services which are currently predominantly derived from activities related to short messaging services ("SMS"). Guangzhou Netease derives SMS revenues principally from providing value-added services such as friends matching, news and information services, ring-tone and logo downloads and various other related products to mobile phone users under co-operative arrangements with mobile phone operators. SMS revenues recognized by Guangzhou Netease represent its share of the revenues under these co-operative arrangements net of the amounts retained by the mobile phone operators for their services performed.

Other transactions conducted by Guangzhou NetEase for which the Group provides technical services to Guangzhou NetEase include on-line games, dating and friends matching, mail box, online shopping mall, auctions and revenue sharing from co-branded Web sites, etc.

Guangzhou NetEase recognizes its revenues from e-commerce and other services when the services are provided.

The Group recognizes services revenues from Guangzhou NetEase at the same time as Guangzhou NetEase recognizes its e-commerce and other services revenues.

Advertising services

The Group derives its advertising services revenues principally from the fees earned from services provided to Guangyitong Advertising Company Limited ("Guangyitong Advertising"), a related party.

The agreements entered into between NetEase Information Technology (Beijing) Company Limited ("NetEase Beijing") and Guangyitong Advertising allow NetEase Beijing to unilaterally adjust the amount of fees NetEase Beijing is entitled to from the technical consulting and related services provided to Guangyitong Advertising such that all of the advertising revenues recognized by Guangyitong Advertising based on the recognition policy described below, less all of the accrued expenses incurred by Guangyitong Advertising, will fully accrue to NetEase Beijing. Therefore, the Group

1. Principal Accounting Policies (Cont'd)

Revenue recognition (cont'd)

Advertising services (cont'd)

recognizes advertising services revenues from Guangyitong Advertising as the service revenues are earned based on the related service agreement at the same time as Guangyitong Advertising recognizes its advertising revenues.

Guangyitong Advertising derives its advertising fees principally from short-term advertising contracts. Revenues from advertising contracts are generally recognized ratably over the period in which the advertisement is displayed and only if collection of the resulting receivables is probable. Guangyitong Advertising's obligations may also include guarantees of a minimum number of impressions or times that an advertisement appears in pages viewed by users. To the extent that minimum guaranteed impressions are not met within the contractual time period, Guangyitong Advertising defers recognition of the corresponding revenues until the remaining guaranteed impression levels are achieved.

Effective from December 20, 2000, Guangyitong Advertising has adopted the consensus reached in Emerging Issue Task Force ("EITF") 99-17 to account for barter transactions. According to EITF99-17, revenue and expense should be recognized at fair value from a barter transaction involving advertising services provided by Guangyitong Advertising only if the fair value of the advertising services surrendered in the transaction is determinable based on the entity's own historical practice of receiving cash, marketable securities, or other consideration that is readily convertible to a known amount of cash for similar advertising from buyers unrelated to the counterparty in the barter transaction. During the six months ended June 30, 2003, Guangyitong Advertising also engaged in certain advertising barter transactions for which the fair value is not determinable within the limits of EITF 99-17 and therefore no revenues or expenses derived from these barter transactions were recognized. These transactions primarily involved exchanges of advertising services rendered by Guangyitong Advertising for advertising, promotional benefits, information content, consulting services, and software provided by the counterparties.

Software and related integration projects

Software and related integration projects include the elements of licensing, services, and postcontract customer support ("PCS"). PCS, generally for one year or less and occasionally beyond one year, are generally in the form of hotline support and may involve unspecified upgrades or enhancements. These unspecified upgrades or enhancements offered during PCS arrangements historically have been and are expected to continue to be minimal and infrequent. The estimated costs of providing PCS are insignificant. Sufficient vendor-specific objective evidence does not exist to allocate the revenues from software and related integration projects to the separate elements of such projects.

In accordance with American Institute of Certified Public Accountants ("AICPA") Statement of Position ("SOP") 97-2, revenues from software licensing and related integration projects under which the Group provides PCS for one year or less are recognized when the following criteria are met:

- persuasive evidence of an arrangement;
- delivery has occurred and services have been performed;

1. Principal Accounting Policies (Cont'd)

Revenue recognition (cont'd)

Software and related integration projects (cont'd)

- the sales amount is fixed or determinable; and
- collectibility is probable.

Revenues from those projects under which the Group provides PCS that extend beyond one year are recognized ratably over the respective terms of the contracts. Warranty on the hardware in the related integration projects is substantially assumed by the original equipment vendors.

Deferred revenue

Deferred revenue represents prepayments by customers for services yet to be completed as of the balance sheet dates.

Cost of revenues

Costs of e-commerce, advertising and other services, including cost reimbursements to Guangzhou NetEase under the agreements with Guangzhou NetEase, consist primarily of staff costs of those departments directly involved in providing e-commerce, advertising and other services, depreciation and amortization of computers and software, server custody fees, bandwidth and other direct costs of providing these services. These costs are charged to the statement of operations as incurred.

Material direct costs incurred in the development of platforms for providing these services consist primarily of computer software developed or acquired. They are capitalized and amortized in accordance with AICPA SOP 98-1 and costs incurred prior to the application development stage are expensed as incurred.

Cash

Cash represents cash on hand and demand deposits placed with banks or other financial institutions.

Financial instruments

Financial instruments of the Group primarily consist of due from related parties and accounts payable. As of the balance sheet dates, their estimated fair value approximated their carrying value.

1. Principal Accounting Policies (Cont'd)

Property, equipment and software

Property, equipment and software are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis over the following estimated useful lives, taking into account any estimated residual value:

Computers	3 years
Furniture and office equipment	5 years
Software	2-3 years
Vehicles	5 years
Leasehold improvements	lesser of the term of the lease or the estimated useful lives of the assets

Costs of computer software developed or obtained for internal use are accounted for in accordance with AICPA SOP 98-1, under which direct costs incurred to develop the software during the application development stage and to obtain computer software from third parties that can provide future benefits are capitalized.

Impairment of long-lived assets

Prior to January, 2002, the Group evaluated the recoverability of long-lived assets in accordance with Statement of Financial Accounting Standards ("SFAS") No.121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of". As of January, 2002, the Group has adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" which addresses the financial accounting and reporting for the recognition and measurement of impairment losses for long-lived assets. In accordance with these standards, the Group recognizes impairment of long-lived assets in the event the net book value of such assets exceeds the future undiscounted cash flows attributable to such assets.

Advertising expenses

The Group recognizes advertising expenses in accordance with AICPA SOP 93-7 "Reporting on Advertising Costs". As such, the Group expenses the costs of producing advertisements at the time production occurs, and expenses the cost of communicating advertising in the period in which the advertising space or airtime is used.

Foreign currency translation

The functional currency of the Group is RMB. Transactions denominated in currencies other than RMB are translated into RMB at the exchange rates quoted by the People's Bank of China (the "PBOC") prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into RMB using the applicable exchange rates quoted by the PBOC at the balance sheet dates. The resulting exchange differences are included in the determination of income.

Translations of amounts from RMB into United States dollars for the convenience of the reader were calculated at the noon buying rate of US$1.00 = RMB8.2776 on June 30, 2003 in The City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into United

1. Principal Accounting Policies (Cont'd)

Foreign currency translation (Cont'd)

States dollars at that rate on June 30, 2003, or at any other certain rate.

Stock-based compensation

In accordance with the provisions of SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure", the Group has selected the disclosure only provisions related to employee stock options and follows the provisions of Accounting Principles Board Opinion No. 25 ("APB 25") in accounting for stock options issued to employees. Under APB 25, compensation expense, if any, is recognized as the difference between the exercise price and the estimated fair value of the ordinary shares on the measurement date, which is typically the date of grant, and is recognized ratably over the service period, which is typically the vesting period.

Stock-based employee compensation cost of RMB2.2 million and RMB0.3 million for the six months ended June 30, 2002 and 2003, respectively, is expensed. The following table illustrates the effect on net profit and earnings per share if the Group had applied the fair value recognition provisions of the Financial Accounting Standards board ("FASB") No.123, "Accounting for Stock-Based Compensation", to stock-based employee compensation.

	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003
Net profit (loss):		
As reported	(17,755,378)	144,702,402
Less: Additional stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(490,209)	(1,878,073)
Pro forma	(18,245,587)	142,824,329
Basic net earnings (loss) per ordinary shares:		
As reported	(0.01)	0.05
Pro forma	(0.01)	0.05
Diluted net earnings (loss) per ordinary shares:		
As reported	(0.01)	0.04
Pro forma	(0.01)	0.04

1. Principal Accounting Policies (Cont'd)

Income taxes

Deferred income taxes are provided using the balance sheet liability method. Under this method, deferred income taxes are recognized for the tax consequences of significant temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion of, or all of, the deferred tax asset will not be realized.

Net earnings (loss) per share ("EPS") and per American Depositary Share ("ADS")

In accordance with SFAS No. 128, "Computation of Earnings Per Share," basic EPS is computed by dividing net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing net profit by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary equivalent shares consist of the ordinary shares issuable upon the conversion of the convertible preference shares (using the if-converted method) and ordinary shares issuable upon the exercise of outstanding stock options (using the treasury stock method). Ordinary equivalent shares in the diluted EPS computation are excluded in net loss periods as their effect would be anti-dilutive.

Net earnings per ADS has been computed by multiplying the net earnings per share by 100, which is the number of shares represented by each ADS.

Statutory reserves

In accordance with the Regulations on Enterprises with Foreign Investment of China and their articles of association, NetEase Beijing, NetEase Information Technology (Shanghai) Company Limited (" NetEase Shanghai") and Guangzhou NetEase Interactive Entertainment Limited ("Guangzhou Interactive"), being foreign invested enterprises established in China, are required to provide for certain statutory reserves namely general reserve, enterprise expansion fund and staff welfare and bonus fund which are appropriated from net profit as reported in their PRC Statutory Accounts. NetEase Beijing, NetEase Shanghai and Guangzhou Interactive, being wholly foreign owned enterprises, are required to allocate at least 10% of their after-tax profit to the general reserve. NetEase Beijing, NetEase Shanghai and Guangzhou Interactive may stop allocations to the general reserve if such reserve has reached 50% of their respective registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the board of directors of NetEase Beijing, NetEase Shanghai and Guangzhou Interactive, respectively. These reserves can only be used for specific purposes and are not distributable as cash dividends. Appropriations to the staff welfare and bonus fund will be charged to selling, general and administrative expenses.

NetEase Shanghai and Guangzhou Interactive have been in an accumulated loss position according to their PRC Statutory Accounts and no appropriations to statutory reserves have been made.

1. Principal Accounting Policies (Cont'd)

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

2. Taxation

Income taxes

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

British Virgin Islands

NetEase Interactive is exempted from income tax on its foreign-derived income in the British Virgin Islands. There are no withholding taxes in the British Virgin Islands.

China

In accordance with "Income Tax Law of China for Enterprises with Foreign Investment and Foreign Enterprises," foreign invested enterprises are generally subject to enterprise income tax ("EIT") at the rate of 30% plus a local income tax of 3%. NetEase Beijing, being a foreign invested enterprise and located in the New Technology Industrial Development Experimental Zone in Beijing, has been recognized as a "New and High Technology Enterprise". According to an approval granted by the Haidian State Tax Bureau in November 2000, NetEase Beijing is entitled to a reduced EIT rate of 15% commencing from the year 2000. In addition, the approval also granted NetEase Beijing with a full exemption from EIT from 2001 to 2002, a 50% reduction in EIT from 2003 to 2005, and a full exemption from the local income tax from 2000 onwards.

NetEase Shanghai is subject to EIT at the rate of 30% plus a local tax of 3%.

Guangzhou Interactive is entitled to a reduced EIT rate of 15% from 2003 to 2004 and then is subject to EIT rate of 30% plus a local tax of 3% from 2005 onward.

2. Taxation (Cont'd)

Income taxes (cont'd)

As of January 1, 2003, and June 30, 2003, the tax impact of significant temporary differences between the tax and financial statement bases of assets and liabilities that gave rise to deferred tax assets were principally related to the following:

	As of December 31, 2002	As of June 30, 2003
Loss carryforwards	19,132,653	13,796,521
Valuation allowance	(16,736,765)	(4,409,241)
Net deferred tax asset	2,395,888	9,387,280

Subject to the approval of the relevant tax authorities, the Group had loss carryforwards of approximately RMB41.8 million as of June 30, 2003 for EIT purposes. Approximately RMB0.2 million, RMB29.5 million and RMB12.1 million of these loss carryforwards will expire in 2005, 2006 and 2007, respectively. A valuation allowance has been provided on the loss carryforwards of the Group due to the uncertainty surrounding the realizability of such assets. There is no assurance that the Group will be able to utilize the loss carryforwards before their expiration.

In addition, the preferential EIT treatments that NetEase Beijing obtained may be subject to review by higher authorities. If these preferential tax treatments were not available to NetEase Beijing, NetEase Beijing would be subject to EIT at 30% plus a local tax of 3% and the exemption and reduction described above would not apply.

Business tax ("BT")

The Group is subject to BT on the provision of taxable services in China, transfer of intangible assets and the sale of immovable properties in China. The tax rates range from 3% to 20% of the gross receipts, depending on the nature of the revenues. The applicable BT rate for the Group's revenues is generally 5%. In addition, Guangyitong Advertising is subject to a cultural development fee at 3% on its Internet advertising fees, which effectively reduces the revenues the Group derives from Guangyitong Advertising.

Taxes payable

	As of December 31, 2002	As of June 30, 2003
BT	4,337,428	5,102,650
EIT	-	8,683,853
Individual income taxes for employees	3,848,253	6,020,485
Other	67,269	93,677
Total	8,252,950	19,900,665

3. Capital Structure

Ordinary shares

The holders of ordinary shares in the Company are entitled to one vote per share and to receive ratably such dividends, if any, as may be declared by the board of directors of the Company. In the event of liquidation, the holders of ordinary shares are entitled to share ratably in all assets remaining after payment of liabilities. The ordinary shares have no preemptive, conversion, or other subscription rights.

On March 23, 2001, the Company entered into an agreement ("the Acquisition Agreement") whereby the Company acquired certain software for online games, computers and the related intellectual property rights for cash consideration of US$0.2 million from a private technology company. In addition, the Company agreed to issue 7,742,168 ordinary shares in the Company to the founders of the private technology company by installments on a quarterly basis starting from June 23, 2001 through March 23, 2003 for the service to be provided by such individuals as employees of the Company over such period. The total estimated fair value of these shares of approximately RMB0.8 million valued at US$0.0125 per share at the date of agreement is recognized as deferred compensation, which is to be amortized over the related vesting period. During the six months ended June 30, 2003, the Company issued 853,952 ordinary shares (six months ended June 30, 2002: 1,928,469 ordinary shares) to an employee pursuant to the Acquisition Agreement.

According to an agreement ("the Service Agreement") dated September 11, 2001 between the Company and a senior officer of the Company, the Company provided the officer with 25,000,000 ordinary shares by quarterly installments over a period of 18 months. As a result, deferred compensation cost of approximately RMB1.3 million was recorded in 2001, which amount is being amortized over the related vesting period of 18 months. During the six months ended June 30,2003, the Company issued 2,500,000 ordinary shares (six months ended June 30, 2002: 6,250,000 ordinary shares) to the officer pursuant to the Service Agreement.

During the six months ended June 30, 2003, the Company also issued 42,045,200 ordinary shares (six months ended June 30, 2002: nil) upon exercise of employee options which were granted under the Company's stock option plan.

4. Revenues From E-commerce and Other Services

	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003
Wireless services and other fee-based services	48,454,230	148,795,690
Online games	1,851,150	72,315,113
Total	50,305,380	221,110,803

4. Revenues From E-commerce and Other Services (Cont'd)

Revenue from wireless value-added services represents revenue earned by the Group for providing technical services to Guangzhou NetEase in relation to its wireless business. Guangzhou NetEase derives SMS revenues from providing value-added services such as friends matching, news and information services, ring-tone and logo downloads and various other related products to mobile phone users in China.

Revenue from other fee-based services represents revenue earned by the Group for providing technical services to Guangzhou NetEase in relation to various value added services provided by the NetEase Web sites, including dating and friends matching, mail box, personal homepage hosting and online shopping mall, etc.

Revenue from online game services represents revenue earned by the Group for providing technical services to Guangzhou NetEase in relation to its online game business. Guangzhou NetEase operates various online games platforms and derives revenue from providing service to its registered game players.

5. Net Earnings (Loss) Per Share

The following table sets forth the computation of basic and diluted net earnings (loss) per share for the six months ended June 30, 2002, and 2003:

	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003
Numerator:		
Net profit (loss) attributable to ordinary shareholders	(17,755,378)	144,702,402
Denominator:		
Weighted average number of ordinary shares outstanding, basic	3,033,407,311	3,118,601,020
Dilutive effect of employee stock options	-	118,938,798
Weighted average number of ordinary shares outstanding, diluted	3,033,407,311	3,237,539,818

6. Contingencies

Class Actions

On May 16, 2003, the plaintiffs in the class actions filed in 2001 against the Company, certain of its current and former officers and directors, and the underwriters of the Company's initial public offering, alleging violations of the federal securities laws in the United States entered into a stipulation and agreement of settlement with the defendants.

The court preliminarily approved this settlement on February 25, 2003, and all persons who purchased the Company's ADSs during the period from July 3, 2000 to August 31, 2001 were certified as a single class. Subsequently, notice was sent to the class, and the court will hold a hearing before it gives final approval to the settlement. The aggregate settlement amount for all claims in this litigation is US$4.35 million, which amount has been paid by the Company into an escrow

6. Contingencies (Cont'd)

Class Actions (cont'd)

account pending such final approval and charged to the statement of operations for the year ended December 31, 2002.

On May 16, 2003, the definitive settlement of the class action litigation filed in the U.S. District Court for the Southern District of New York against NetEase and certain other parties was approved and declared final by the District Court. The aggregate settlement amount, which was paid to those persons who purchased the Company's American Depositary Shares during the period from July 3, 2000 to August 31, 2001, was US$4.35 million. This settlement has been reflected in the Company's third quarter and full-year financial statements for 2002 as a one-time charge.

Copyright Infringement Lawsuit

In March 2003, Guangzhou NetEase was named in a copyright infringement lawsuit in China and the plaintiffs claimed damages of US$1.0 million. The Group intends to vigorously defend its position. Based on the legal advice it has obtained, the Group believes the ultimate resolution of this matter will not have a material financial impact on the Group.

7. Subsequent Events

Zero Coupon Convertible Subordinated Notes

The Company issued and sold US$75,000,000 and US$25,000,000 aggregate principal amount of Zero Coupon Convertible Subordinated Notes due July 2023 on July 14, 2003 and on July 31, 2003, respectively, in private offerings to Credit Suisse First Boston LLC. The notes are general unsecured obligations of the Company and are subordinated to any existing or future senior indebtedness of the Company. Description of the notes, such as conversion rights and redemption of the notes, are provided in the prospectus filed as part of the related registration statement. The Company intends to use the net proceeds of approximately US$97.2 million for general corporate purposes, including potential future acquisitions.

Repurchase of Shares

On July 4, 2003, the Company entered into an agreement with affiliates of The News Corporation Limited ("Newscorp") to repurchase 27,142,000 ordinary shares of the Company held by one of Newscorp's affiliates. The transaction was completed in July 2003. Under the agreement, the Company paid Newscorp a net aggregated amount of approximately US$4.6 million and the rights of Newscorp and its affiliates to a certain amount of advertising on NetEase's websites which had been granted under a strategic cooperation agreement between the parties were waived. In accordance with the agreement, the Company is entitled to use approximately US$2.0 million worth of advertising on Asian television properties of Newscorp at no additional cost until March 28, 2004 or such other date as the parties shall agree.

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 8. Indemnification of Directors and Officers

Cayman Islands law and Article 125 of our articles of association provide that we may indemnify our directors, officers and trustee acting in relation to any of our affairs against actions, proceedings, costs, charges, losses, damages and expenses incurred by reason of any act done or omitted in the execution of their duty in their capacities as such, except if they acted in a willfully negligent manner or defaulted in any action against them.

We have entered into indemnification agreements with each of our directors and officers under which we agree to indemnify each of them to the fullest extent permitted by Cayman Islands law, our articles of association and other applicable law, from and against all expenses and liabilities arising from any proceeding, to which the indemnitee is or was a party, witness or other participant, except expenses and liabilities (if any) incurred or sustained by or through the indemnitee's own willful neglect or default. Upon the written request by a director or officer, we will, within 10 days after receipt of the request, advance funds for the payment of expenses, unless there has been a final determination that the director or officer is not entitled to indemnification for these expenses.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

Item 9. Exhibits

The following exhibits are filed herewith or incorporated by reference in this prospectus:

Exhibit Number	Exhibit Title
3.1	Amended and Restated Memorandum of Association of NetEase.com, Inc. (incorporated by reference to Exhibit 3.1 from Amendment No. 1 to the company's Registration Statement on Form F-1 (file no. 333-11724) filed with the Securities and Exchange Commission on May 15, 2000)
3.2	Amended and Restated Articles of Association of NetEase.com, Inc. (incorporated by reference to Exhibit 3.2 from Amendment No. 1 to the company's Registration Statement on Form F-1 (file no. 333-11724) filed with the Securities and Exchange Commission on May 15, 2000)
3.3	Amendment to Amended and Restated Articles of Association of NetEase.com, Inc. dated as of June 5, 2003 (incorporated by reference to Exhibit 1.3 from the company's Annual Report on Form 20-F for the year Ended December 31, 2002 filed with the Securities and Exchange Commission on June 27, 2003)

4.1	Specimen American Depositary Receipt of NetEase.com, Inc. (incorporated by reference to Exhibit 4.1 from Amendment No. 1 to the company's Registration Statement on Form F-1 (file no. 333-11724) filed with the Securities and Exchange Commission on May 15, 2000)
4.2	Specimen Stock Certificate of NetEase.com, Inc. (incorporated by reference to Exhibit 4.2 from Amendment No. 1 to the company's Registration Statement on Form F-1 (file no. 333-11724) filed with the Securities and Exchange Commission on May 15, 2000)
4.3	Registration Rights Agreement, dated as of July 8, 2003, between NetEase.com, Inc. and Credit Suisse First Boston LLC
4.4	Indenture, dated as of July 14, 2003, by and between NetEase.com, Inc. and The Bank of New York
5.1	Opinion of Maples & Calder Asia
10.1	Purchase Agreement, dated as of July 8, 2003, between NetEase.com, Inc. and Credit Suisse First Boston LLC
12.1	Computation of Ratio of Earnings to Fixed Charges
23.1	Consent of PricewaterhouseCoopers, Independent Public Accountants
23.2	Consent of PricewaterhouseCoopers, Independent Public Accountants
23.3	Consent of Maples & Calder Asia (included in Exhibit 5.1)
24.1	Power of Attorney of certain directors and officers of NetEase.com, Inc. (see signature page)
25.1	Form T-1 Statement of Eligibility of Trustee for Indenture under the Trust Indenture Act of 1933

Item 10. Undertakings

1. The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933 (the "Act");

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered)

and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided, however, that the undertakings set forth in clauses (i) and (ii) above shall not apply if the information required to be included in a post-effective amendment by these clauses is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

2. The undersigned registrant hereby undertakes, that, for purposes of determining any liability under the Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. Insofar as indemnification for liabilities arising under the Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 15 above, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

4. The undersigned registrant hereby undertakes that:

(a) For purposes of determining any liability under the Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(b) For the purpose of determining any liability under the Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the

securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Beijing, the People's Republic of China, on October 10, 2003.

NETEASE.COM, INC.

By: /s/ Ted Sun

Ted Sun
Acting Chief Executive Officer
and Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ted Sun, Michael Tong and Denny Lee, and each of them individually, as his true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities to sign the registration statement filed herewith and any or all amendments to said registration statement (including post-effective amendments and registration statements filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended and otherwise), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission granting unto said attorneys-in-fact and agents the full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the foregoing, as full to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or her substitute, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated:

Name	Title	Date
/s/ Ted Sun	Acting Chief Executive Officer	

Ted Sun	and Director	October 10, 2003
/s/ Denny Lee - ------------------------ Denny Lee	Chief Financial Officer	October 10, 2003
/s/ Michael Tong - ------------------------ Michael Tong	Executive Director	October 10, 2003
/s/ William Ding - ------------------------ William Ding	Chief Architect and Director	October 10, 2003
/s/ Donghua Ding - ------------------------ Donghua Ding	Director	October 10, 2003
/s/ Ronald Lee - ------------------------ Ronald Lee	Director	October 10, 2003
/s/ Michael Leung - ------------------------ Michael Leung	Director	October 10, 2003
/s/ Joseph Tong - ------------------------ Joseph Tong	Director	October 10, 2003

EXHIBIT 4.3

$75, 000,000

NETEASE.COM, INC.

Zero Coupon Convertible Subordinated Notes due July 15, 2023

REGISTRATION RIGHTS AGREEMENT

July 8, 2003

Credit Suisse First Boston LLC
Eleven Madison Avenue
New York, NY 10010-3629

Dear Sirs:

NetEase.com, Inc., a Cayman Islands company (the "Company"), proposes to issue and sell to Credit Suisse First Boston LLC (the "Initial Purchaser"), upon the terms set forth in a purchase agreement of even date herewith (the "Purchase Agreement"), $25,000,000 aggregate principal amount (plus up to an additional $75,000,000 principal amount) of its Zero Coupon Convertible Subordinated Notes due July 15, 2023 (the "Initial Securities"). The Initial Securities will be convertible into ordinary shares, par value US$0.0001 per share, of the Company (the "Ordinary Shares") at the conversion price set forth in the Offering Circular dated July 9, 2003. The Initial Securities will be issued pursuant to an Indenture, dated as of July 14, 2003 (the "Indenture"), between the Company and The Bank of New York, as trustee (the "Trustee"). As an inducement to the Initial Purchaser to enter into the Purchase Agreement, the Company agrees with the Initial Purchaser, for the benefit of (i) the Initial Purchaser and (ii) the holders of the Initial Securities and the Ordinary Shares issuable upon conversion of the Initial Securities (collectively, the "Securities") from time to time until such time as such Securities have been sold pursuant to a Shelf Registration Statement (as defined in Section 1(a)) (each of the forgoing a "Holder" and collectively the "Holders"), as follows:

1. Shelf Registration. (a) The Company shall, at its cost, prepare and, as promptly as practicable (but in no event more than 90 days after so required or requested pursuant to this Section 1) file with the Securities and Exchange Commission (the "Commission") and thereafter use commercially reasonable efforts to cause to be declared effective as soon as practicable a registration statement on Form F-3 (the "Shelf Registration Statement" relating to the offer and sale of the Transfer Restricted Securities (as defined in Section 5) by the Holders thereof from time to time in accordance with the methods of distribution set forth in the Shelf Registration Statement and Rule 415 under the Securities Act of 1933, as amended (the "Securities Act") (hereinafter, the "Shelf Registration"); provided, however, that no Holder (other than the Initial Purchaser) shall be entitled to have the Securities held by it covered by such Shelf Registration Statement unless such Holder agrees in writing to be bound by all the provisions of this Agreement applicable to such Holder.

(b) The Company shall use commercially reasonable efforts to keep the Shelf Registration Statement continuously effective in order to permit the prospectus included therein (the "Prospectus") to be lawfully delivered by the Holders of the relevant Securities, for a period of two years from the date of its effectiveness or such shorter period that will terminate when all the Securities covered by the Shelf Registration Statement (i) have been sold pursuant thereto, (ii) are distributed to the public pursuant to Rule 144 under the Securities Act or (iii) are no longer restricted securities (as defined in Rule 144(k) under the Securities Act, or any successor rule thereof), assuming for this purpose that the Holders thereof are not affiliates of the Company (in any such case, such period being called the "Shelf Registration Period").

(c) Notwithstanding any other provisions of this Agreement to the contrary, the Company shall cause the Shelf Registration Statement and the Prospectus and any amendment or supplement thereto, as of the effective date of the Shelf Registration Statement, amendment or supplement, (i) to comply in all material respects with the applicable requirements of the Securities Act and the rules and regulations of the Commission and (ii) not to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

2. Registration Procedures. In connection with the Shelf Registration contemplated by Section 1 hereof, the following provisions shall apply:

(a) The Company shall (i) furnish to each Initial Purchaser, prior to the filing thereof with the Commission, a copy of the Shelf Registration Statement and each amendment thereof and each supplement, if any, to the prospectus included therein and, in the event that the Initial Purchaser (with respect to any portion of an unsold allotment from the original offering) is participating in the Shelf Registration Statement, shall consider in good faith such comments to each such document as the Initial Purchaser reasonably may propose; and (ii) include the names of the Holders who propose to sell Securities pursuant to the Shelf Registration Statement as selling securityholders.

(b) Not less than 30 calendar days prior to the effective date of the Shelf Registration Statement (the "Effective Date"), the Company shall mail the Notice and Questionnaire substantially in the form of Annex A hereto to the Holders of Securities. No Holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement as of the Effective Date, and no Holder shall be entitled to use the prospectus forming a part thereof for offers and resales of Securities at any time, unless such Holder has returned a completed and signed Notice and Questionnaire to the Company within 28 calendar days from the date on which the Notice and Questionnaire is first mailed to such Holder. Notwithstanding the foregoing, upon the request of any Holder of Securities that did not return a Notice and Questionnaire on a timely basis or did not receive a Notice and Questionnaire because it was a subsequent transferee of Securities after the Company mailed the Notice and Questionnaire, (x) the Company shall send a Notice and Questionnaire to such Holder at the address set forth in such request and (y) upon receipt of a properly completed Notice and Questionnaire from such Holder, the Company shall use commercially reasonable efforts to name such Holder as a selling securityholder in the Shelf Registration Statement by means of a pre-effective amendment or, if permitted by the Commission, by means of a post-effective amendment or a prospectus supplement to the Shelf Registration; provided, however, that the Company shall have no obligation to pay Additional Interest to such Holder for its failure to file a pre-effective amendment, post-effective amendment or prospectus supplement.

(c) The Company shall give written notice to the Initial Purchaser and the Holders of the Securities (which notice pursuant to clauses (ii) through (v) hereof shall be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made):

(i) when the Shelf Registration Statement or any amendment thereto has been filed with the Commission and when the Shelf Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission for amendments or supplements to the Shelf Registration Statement or the prospectus included therein or for additional information;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Shelf Registration Statement or the initiation of any proceedings for that purpose;

(iv) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and

(v) of (x) the happening of any event that requires the Company to make changes in the Shelf Registration Statement or the Prospectus in order that the Shelf Registration Statement or the Prospectus does not contain an untrue statement of a material fact nor omit to state a material fact required to be stated

therein or necessary to make the statements therein (in the case of the Prospectus, in light of the circumstances under which they were made) not misleading and (y) the occurrence or existence of any pending corporate development that makes it appropriate to suspend the use of the related prospectus pursuant to Section 2(j) below.

Upon receipt of the Company's notice pursuant to clauses (ii) through (v) hereof, subject to the provisions of this Agreement, each Holder agrees not to sell any Securities pursuant to the Shelf Registration Statement until such Holder receives of the supplemented or amended prospectus, or until it is advised in writing by the Company that the prospectus may be used, and has received copies of any additional or supplemental filings that are incorporated by reference in such prospectus.

(d) The Company shall make every reasonable effort to obtain the withdrawal at the earliest possible time, of any order suspending the effectiveness of the Shelf Registration Statement.

(e) The Company shall furnish to each Holder of Securities included within the coverage of the Shelf Registration, without charge, at least one copy of the Shelf Registration Statement and any post-effective amendment thereto, including financial statements and schedules, the related prospectus and, if the Holder so requests in writing, all exhibits thereto (including those, if any, incorporated by reference).

(f) The Company shall, during the Shelf Registration Period, deliver to each Holder of Securities included within the coverage of the Shelf Registration as many copies of the Prospectus (including each preliminary prospectus) included in the Shelf Registration Statement and any amendment or supplement thereto as such person may reasonably request. The Company consents, subject to the provisions of this Agreement, to the use of the Prospectus or any amendment or supplement thereto by each of the selling Holders of the Securities in connection with the offering and sale of the Securities covered by the Prospectus, or any amendment or supplement thereto, included in the Shelf Registration Statement.

(g) Prior to any public offering of the Securities pursuant to the Shelf Registration Statement, the Company shall register or qualify or cooperate with the Holders of the Securities included therein and their respective counsel in connection with the registration or qualification of the Securities for offer and sale under the securities or "blue sky" laws of such states of the United States as any Holder of the Securities reasonably requests in writing and do any and all other acts or things necessary or advisable to enable the offer and sale in such jurisdictions within the United States of the Securities covered by such Registration Statement; provided, however, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it is not then so qualified or (ii) take any action which would subject it to general service of process or to taxation in any jurisdiction where it is not then so subject.

(h) The Company shall cooperate with the Holders of the Securities to facilitate the timely preparation and delivery of certificates representing the Securities to be sold pursuant to any Registration Statement free of any restrictive legends (unless otherwise required by law) and in such denominations and registered in such names as the Holders may request a reasonable period of time prior to sales of the Securities pursuant to the Shelf Registration Statement.

(i) Upon the occurrence of any event contemplated by clauses (ii) through (v) of Section 2(c) above during the period for which the Company is required to maintain an effective Shelf Registration Statement, the Company shall promptly prepare and file a post-effective amendment to the Shelf Registration Statement or an amendment or supplement to the Prospectus and any other required document so that, as thereafter delivered to Holders or purchasers of the Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) Notwithstanding anything to the contrary herein, the Company may suspend the use of the prospectus for a period not to exceed 45 days in any 90-day period or an aggregate of 120 days in any 12-month period if the Board of Directors of the Company shall have determined in good faith that because of valid business reasons (not including avoidance of the Company's obligations hereunder), including, without limitation, the acquisition or divestiture of assets, pending corporate developments, public filings with the Commission and similar events, it is in

the interest of the Company to suspend such use, and prior to suspending such use the Company provides the Holders with written notice of such suspension, which notice need not specify the nature of the event giving rise to such suspension.

(k) Not later than the effective date of the Shelf Registration Statement, the Company will provide CUSIP numbers for the Initial Securities and the Ordinary Shares registered under the Shelf Registration Statement, and provide the Trustee with printed certificates for the Initial Securities, in a form eligible for deposit with The Depository Trust Company.

(l) The Company will comply with all rules and regulations of the Commission to the extent and so long as they are applicable to the Shelf Registration and will make generally available to its security holders (or otherwise provide in accordance with Section 11(a) of the Securities Act) an earnings statement satisfying the provisions of Section 11(a) of the Securities Act, no later than 45 days after the end of a 12-month period (or 90 days, if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the effective date of the Shelf Registration Statement, which statement shall cover such 12-month period.

(m) The Company shall cause the Indenture to be qualified under the Trust Indenture Act of 1939, as amended, (the "Trust Indenture Act") in a timely manner and containing such changes, if any, as shall be necessary for such qualification. In the event that such qualification would require the appointment of a new trustee under the Indenture, the Company shall appoint a new trustee thereunder pursuant to the applicable provisions of the Indenture.

(n) In addition to the information contained in the Notice and Questionnaire, the Company may require each Holder of Securities to be sold pursuant to the Shelf Registration Statement to furnish to the Company such information regarding the Holder and the distribution of the Securities as the Company may from time to time reasonably require for inclusion in the Shelf Registration Statement, and the Company may exclude from such registration the Securities of any Holder that unreasonably fails to furnish such information within a reasonable time after receiving such request.

(o) The Company shall enter into such customary underwriting and other agreements and take all such other actions, if any, as reasonably required in order to facilitate an Underwritten Offering (as defined in Section 7(a)), if one is requested pursuant to Section 7.

(p) If the offering is to be underwritten pursuant to Section 7, the Company shall (i) make reasonably available for inspection by any underwriter participating in any disposition pursuant to the Shelf Registration Statement and any attorney, accountant or other agent retained by any such underwriter, all relevant financial and other records, pertinent corporate documents and properties of the Company and (ii) cause the Company's officers, directors, employees, accountants and auditors to supply all relevant information reasonably requested by any such underwriter, attorney, accountant or agent in connection with the Shelf Registration Statement, in each case, as shall be reasonably necessary to enable such persons, to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act; provided, however, that the foregoing inspection and information gathering shall be coordinated by one counsel designated by and on behalf of the selling Holders and their underwriters as described in Section 3 hereof.

(q) The Company, if requested by 33% of the Holders of Securities covered by the Shelf Registration Statement, shall cause (i) its counsel to deliver an opinion and updates thereof relating to the Securities in customary form addressed to such Holders and the managing underwriters, if any, thereof, and dated, in the case of the initial opinion, the effective date of such Shelf Registration Statement (it being agreed that the matters to be covered by such opinion shall include, without limitation, the due incorporation and good standing of the Company and its subsidiaries; the qualification of the Company and its subsidiaries to transact business as foreign corporations; the due authorization, execution and delivery of the relevant agreement of the type referred to in Section 2(o) hereof; the due authorization, execution, authentication and issuance, and the validity and enforceability, of the Securities; the absence of material legal or governmental proceedings involving the Company and its subsidiaries; the absence of governmental approvals required to be obtained in connection with the Shelf Registration Statement, the offering and sale of the Securities, or any agreement of the type referred to in Section 2(o) hereof; the compliance as to form of the Shelf Registration Statement and any documents incorporated by reference therein and of the Indenture with

the requirements of the Securities Act and the Trust Indenture Act, respectively; and, as of the date of the opinion and as of the effective date of the Shelf Registration Statement or most recent post-effective amendment thereto, as the case may be, the absence from the Shelf Registration Statement and the prospectus included therein, as then amended or supplemented, and from any documents incorporated by reference therein of an untrue statement of a material fact or the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any such documents, in the light of the circumstances existing at the time that such documents were filed with the Commission under the Exchange Act of 1934, as amended (the "Exchange Act")); (ii) its officers to execute and deliver all customary documents and certificates and updates thereof requested by any underwriters of the Securities and (iii) its independent public accountants and the independent public accountants with respect to any other entity for which financial information is provided in the Shelf Registration Statement to provide to the selling Holders of the applicable Securities and any underwriter therefor a comfort letter in customary form and covering matters of the type customarily covered in comfort letters in connection with primary underwritten offerings, subject to receipt of appropriate documentation as contemplated, and only if permitted, by Statement of Auditing Standards No. 72.

(r) The Company will use commercially reasonable efforts to (a) if the Initial Securities have been rated prior to the initial sale of such Initial Securities, confirm such ratings will apply to the Securities covered by a Registration Statement, or (b) if the Initial Securities were not previously rated, cause the Securities covered by a Registration Statement to be rated with the appropriate rating agencies, if so requested by holders of a majority in aggregate principal amount of Securities covered by the Shelf Registration Statement, or by the managing underwriters, if any.

(s) In the event that any broker-dealer registered under the Exchange Act shall underwrite any Securities or participate as a member of an underwriting syndicate or selling group or "assist in the distribution" (within the meaning of the Conduct Rules (the "Rules") of the National Association of Securities Dealers, Inc. ("NASD")) thereof, whether as a Holder of such Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, the Company will assist such broker-dealer in complying with the requirements of such Rules, including, without limitation, by (i) if such Rules, including Rule 2720, shall so require, engaging a "qualified independent underwriter" (as defined in Rule 2720) to participate in the preparation of the Shelf Registration Statement relating to such Securities, to exercise usual standards of due diligence in respect thereto and, if any portion of the offering contemplated by such Registration Statement is an underwritten offering or is made through a placement or sales agent, to recommend the yield of such Securities, (ii) indemnifying any such qualified independent underwriter to the extent of the indemnification of underwriters provided in Section 5 hereof and (iii) providing such information to such broker-dealer as may be required in order for such broker-dealer to comply with the requirements of the Rules.

(t) The Company shall use commercially reasonable efforts to take all other steps necessary to effect the registration of the Securities covered by a Registration Statement contemplated hereby.

3. Registration Expenses. (a) All expenses incident to the Company's performance of and compliance with this Agreement will be borne by the Company, regardless of whether a Registration Statement is ever filed or becomes effective, including without limitation:

(i) all registration and filing fees and expenses;

(ii) all fees and expenses of compliance with federal securities and state "blue sky" or securities laws;

(iii) all expenses of incurred for (A) printing, including the printing of certificates for the Securities to be issued but excluding the printing of prospectuses as provided in subsection (c) of this Section 3, (B) messenger and delivery services and (C) telephone and fax services;

(iv) all fees and disbursements of counsel for the Company (except as provided in subsection (c) of this Section 3);

(v) all application and filing fees in connection with listing the Securities on a national securities exchange or automated quotation system pursuant to the requirements hereof; and

(vi) all fees and disbursements of independent certified public accountants of the Company, including the expenses of any special audit and comfort letters required by or incident to such performance (except as provided in subsection (c) of this Section 3).

The Company will bear its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and the expenses of any person, including special experts, retained by the Company.

(b) In connection with the Shelf Registration Statement required by this Agreement, the Company will reimburse the Initial Purchaser and the Holders of Securities covered by the Shelf Registration Statement, for the reasonable fees and disbursements of not more than one counsel, designated by the Holders of a majority in principal amount of the Securities covered by the Shelf Registration Statement (provided that, for the purposes of determining such majority, holders of Ordinary Shares issued upon the conversion of the Initial Securities shall be deemed to be Holders of the aggregate principal amount of Initial Securities from which such Ordinary Shares were converted) to act as counsel for the Holders in connection therewith.

(c)(x) Each selling Holder of Securities in an Underwritten Offering (as defined in Section 7(a)) shall (i) pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such selling Holder's Securities and (ii) reimburse the Company for any out-of-pocket expenses it reasonably incurs for performing any of its obligations under Sections 2(o), 2(r) and 2(s), and (y) each selling Holder of Securities in any offering under the Shelf Registration Statement shall reimburse the Company for any out-of-pocket expenses it reasonably incurs in connection with (i) the printing and delivery of the prospectuses pursuant to Section 2(f) and (ii) the performance of its obligations under Section 2(q) and shall pay for all expenses payable in connection with such Holder's conversion of the Company's Ordinary Shares into American depositary shares.

4. Indemnification. (a) The Company agrees to indemnify and hold harmless each Holder and each person, if any, who controls such Holder within the meaning of the Securities Act or the Exchange Act (each Holder, and such controlling persons are referred to collectively as the "Indemnified Parties") from and against any losses, claims, damages or liabilities, joint or several, or any actions in respect thereof (including, but not limited to, any losses, claims, damages, liabilities or actions relating to purchases and sales of the Securities registered under the Shelf Registration Statement) to which each Indemnified Party may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Shelf Registration Statement or prospectus including any document incorporated by reference therein, or in any amendment or supplement thereto or in any preliminary prospectus relating to the Shelf Registration, or arise out of, or are based upon, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse, as incurred, the Indemnified Parties for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action in respect thereof; provided, however, that (i) the Company shall not be liable in any such case to the extent that such loss, claim, damage or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in the Shelf Registration Statement or prospectus or in any amendment or supplement thereto or in any preliminary prospectus relating to the Shelf Registration in reliance upon and in conformity with written information pertaining to such Holder and furnished to the Company by or on behalf of such Holder specifically for inclusion therein and (ii) with respect to any untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus relating to the Shelf Registration Statement, the indemnity agreement contained in this subsection (a) shall not inure to the benefit of any Holder from whom the person asserting any such losses, claims, damages or liabilities purchased the Securities concerned, to the extent that a prospectus relating to such Securities was required to be delivered by such Holder under the Securities Act in connection with such purchase and any such loss, claim, damage or liability of such Holder results from the fact that there was not sent or given to such person, at or prior to the written confirmation of the sale of such Securities to such person, a copy of the final prospectus if the Company had previously furnished copies thereof to such Holder; provided further, however, that this indemnity agreement will be in addition to any liability which the Company may otherwise have to such Indemnified Party. The Company shall also indemnify

underwriters in any Underwritten Offering (as defined in Section 7(a)), their officers and directors and each person who controls such underwriters within the meaning of the Securities Act or the Exchange Act to the same extent as provided above with respect to the indemnification of the Holders of the Securities if requested by such Holders.

(b) Each Holder, severally and not jointly, will indemnify and hold harmless the Company, its officers and directors and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act from and against any losses, claims, damages or liabilities or any actions in respect thereof, to which the Company or any such controlling person may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Shelf Registration Statement or prospectus or in any amendment or supplement thereto or in any preliminary prospectus relating to the Shelf Registration, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, but in each case only to the extent that the untrue statement or omission or alleged untrue statement or omission was made in reliance upon and in conformity with written information pertaining to such Holder and furnished to the Company by or on behalf of such Holder specifically for inclusion therein; and, subject to the limitation set forth immediately preceding this clause, shall reimburse, as incurred, the Company for any legal or other expenses reasonably incurred by the Company or any such controlling person in connection with investigating or defending any loss, claim, damage, liability or action in respect thereof. This indemnity agreement will be in addition to any liability which such Holder may otherwise have to the Company or any of its controlling persons.

(c) Promptly after receipt by an indemnified party under this Section 4 of notice of the commencement of any action or proceeding (including a governmental investigation), such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 4, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve it from any liability that it may have under subsection (a) or (b) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof the indemnifying party will not be liable to such indemnified party under this Section 4 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action, and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 4 is unavailable or insufficient to hold harmless an indemnified party under subsections (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to in subsection (a) or (b) above in such proportion as is appropriate to reflect the relative fault of the indemnifying party or parties on the one hand and the indemnified party on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof) as well as any other relevant equitable considerations. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or such Holder or such other indemnified party, as the case may be, on the other, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party

in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding any other provision of this Section 4(d), the Holders shall not be required to contribute any amount in excess of the amount by which the net proceeds received by such Holders from the sale of the Securities pursuant to the Shelf Registration Statement exceeds the amount of damages which such Holders have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph (d), each person, if any, who controls such indemnified party within the meaning of the Securities Act or the Exchange Act shall have the same rights to contribution as such indemnified party and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act shall have the same rights to contribution as the Company.

(e) The agreements contained in this Section 4 shall survive the sale of the Securities pursuant to the Shelf Registration Statement and shall remain in full force and effect, regardless of any termination or cancellation of this Agreement or any investigation made by or on behalf of any indemnified party.

5. Additional Interest Under Certain Circumstances. (a) Additional interest (the "Additional Interest") with respect to the Initial Securities shall be assessed as follows if any of the following events occur (each such event in clauses (i) through (iii) below being herein called a "Registration Default"):

(i) the Shelf Registration Statement has not been filed with the Commission by the 90/th/ day after the first date of original issuance of the Initial Securities;

(ii) the Shelf Registration Statement has not been declared effective by the Commission by the 180/th/ day after the first date of original issue of the Initial Securities; or

(iii) the Shelf Registration Statement is declared effective by the Commission but (A) the Shelf Registration Statement thereafter ceases to be effective or (B) the Shelf Registration Statement or the Prospectus ceases to be usable in connection with resales of Transfer Restricted Securities (as defined in Section 5(e)) during the periods specified herein because either (1) any event occurs as a result of which the Prospectus forming part of such Shelf Registration Statement would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or (2) it shall be necessary to amend such Shelf Registration Statement or supplement the related prospectus, to comply with the Securities Act or the Exchange Act or the respective rules thereunder.

Each of the foregoing will constitute a Registration Default whatever the reason for any such event and whether it is voluntary or involuntary or is beyond the control of the Company or pursuant to operation of law or as a result of any action or inaction by the Commission .

Additional Interest shall accrue on the Initial Securities from and including the date on which any such Registration Default shall occur to but excluding the date on which all such Registration Defaults have been cured, at a rate of 0.50% per annum (the "Additional Interest Rate").

(b) A Registration Default referred to in Section 5(a)(iii) hereof shall be deemed not to have occurred and be continuing in relation to the Shelf Registration Statement or the related prospectus if (i) such Registration Default has occurred solely as a result of (x) the filing of a post-effective amendment to the Shelf Registration Statement to incorporate annual audited financial information with respect to the Company where such post-effective amendment is not yet effective and needs to be declared effective to permit Holders to use the related prospectus or (y) other material events, with respect to the Company that would need to be described in such Shelf Registration Statement or the related prospectus, provided that, the Company is proceeding promptly and in good faith to amend or supplement the Shelf Registration Statement and related prospectus to describe such events as required by paragraph 2(i) hereof; provided, however, that in any case if such Registration Default occurs for a continuous period in excess of 30 days, Additional Interest shall be payable in accordance with the above paragraph from the date such Registration Default occurs until such Registration Default is cured.

(c) The parties hereto agree that the Additional Interest provided for in Section 5(a) constitutes a reasonable estimate of the damages that may be incurred by Holders of Securities by reason of the failure of the Shelf Registration Statement to be filed or declared effective or available for effecting resales of Securities in accordance with the provisions hereof, and that the Additional Interest shall be the exclusive remedy at law or in equity or otherwise available to the Holders of Securities for such Registration Default.

(d) Any amounts of Additional Interest due pursuant to Section 5(a) will be payable in cash semi-annually on April 15 and October 15 (each an "Additional Interest Payment Date") during the continuation of a Registration Default and the Additional Interest Payment Date that succeeds the end of a period of Registration Default. The amount of Additional Interest will be determined by multiplying the Additional Interest Rate by the principal amount of the Initial Securities, further multiplied by a fraction, the numerator of which is the number of days such Additional Interest Rate was applicable during such period (determined on the basis of a 360-day year comprised of twelve 30-day months), and the denominator of which is 360.

(e) "Transfer Restricted Securities" means each Security until (i) the date on which such Security has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement or (ii) the date on which such Security is distributed to the public pursuant to Rule 144 under the Securities Act or is saleable pursuant to Rule 144(k) under the Securities Act. Notwithstanding anything to the contrary contained herein, no Additional Interest shall accrue as to any Initial Securities from and after the date they cease to be Transfer Restricted Securities.

6. Rules 144 and 144A. The Company shall use commercially reasonable efforts to file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner and, if at any time the Company is not required to file such reports, it will, upon the request of any Holder, make publicly available other information so long as necessary to permit sales of their securities pursuant to Rules 144 and 144A. The Company covenants that it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Transfer Restricted Securities without registration under the Securities Act within the limitation of the exemptions provided by Rules 144 and 144A (including the requirements of Rule 144A(d)(4)). The Company will provide a copy of this Agreement to prospective purchasers of Securities identified to the Company by the Initial Purchaser upon request. Upon the request of any Holder, the Company shall deliver to such Holder a written statement as to whether it has complied with such requirements. Notwithstanding the foregoing, nothing in this Section 6 shall be deemed to require the Company to register any of its securities pursuant to the Exchange Act.

7. Underwritten Registrations. (a) The Holders of at least 33% in aggregate principal amount of then-outstanding Transfer Restricted Securities may elect to participate in one Underwritten Offering of the Transfer Restricted Securities (an "Underwritten Offering") (provided that, for the purpose of determining such percentage, holders of Ordinary Shares issued upon conversion of the Initial Securities shall not be deemed holders of Ordinary Shares, but shall be deemed to be holders of the aggregate principal amount of Initial Securities from which such Ordinary Shares were converted).

(b) If any of the Transfer Restricted Securities covered by the Shelf Registration are to be sold in an Underwritten Offering, the investment banker or investment bankers and manager or managers that will administer the offering ("Managing Underwriters") will be selected by the holders of a majority in aggregate principal amount of such Transfer Restricted Securities to be included in the Underwritten Offering (provided that, for the purposes of determining such majority, holders of Ordinary Shares issued upon conversion of the Initial Securities shall not be deemed holders of Ordinary Shares, but shall be deemed to be holders of the aggregate principal amount of Initial Securities from which such Ordinary Shares were converted).

No person may participate in the Underwritten Offering unless such person (i) agrees to sell such person's Transfer Restricted Securities on the basis reasonably provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements, (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements and (iii) agrees in writing to pay its share of the expenses incurred in connection therewith in accordance with Section 3(c).

8. Miscellaneous.

(a) No Inconsistent Agreements. The Company will not on or after the date of this Agreement enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's securities under any agreement in effect on the date hereof.

(b) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, except by the Company and the written consent of the holders of a majority in principal amount of the Securities affected by such amendment, modification, supplement, waiver or consents (provided that holders of Ordinary Shares issued upon conversion of Initial Securities shall not be deemed holders of Ordinary Shares, but shall be deemed to be holders of the aggregate principal amount of Initial Securities from which such Ordinary Shares were converted). Without the consent of the Holder of each Initial Security, however, no modification may change the provisions relating to the payment of Additional Interest.

(c) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, first-class mail, facsimile transmission, or air courier which guarantees overnight delivery:

(1) if to a Holder of the Securities, at the most current address given by such Holder to the Company.

(2) if to the Initial Purchaser:

Credit Suisse First Boston LLC
Eleven Madison Avenue
New York, NY 10010-3629
Tel. No.: (212) 325-2000
Fax No.: (212) 325-8278
Attention: Transactions Advisory Group

with a copy to:

Davis Polk & Wardwell
The Hong Kong Club Building
3A Chater Road
Hong Kong
Tel. No.: 852-2533-3300
Fax No.: 852-2533-3388
Attention: James D. Phyfe

(3) if to the Company, at its address as follows:

NetEase.com
Suite 1901, Tower E3
The Towers, Oriental Plaza, Dong Cheng District
Beijing 100738, People's Republic of China
Tel. No.: 8610-8518-0163
Fax No.: 8610-8518-3618
Attention: Chief Financial Officer

with a copy to:

Morrison & Foerster
21/F, Entertainment Building
30 Queen's Road, Central
Hong Kong
Tel. No.: 852-2585-0888
Fax No.: 852-2585-0800
Attention: Jonathan Lemberg

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; ten business days after being deposited in the mail, postage prepaid, if mailed; when receipt is acknowledged by recipient's facsimile machine operator, if sent by facsimile transmission; and on the third day after delivery, if sent by express air courier guaranteeing next day delivery.

(d) Third Party Beneficiaries. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company, on the one hand, and the Initial Purchaser, on the other hand, and shall have the right to enforce such agreements directly to the extent they may deem such enforcement necessary or advisable to protect their rights or the rights of Holders hereunder.

(e) Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns.

(f) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(g) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(h) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

By the execution and delivery of this Agreement, the Company submits to the nonexclusive jurisdiction of any federal or state court in the State of New York.

(i) Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(j) Securities Held by the Company. Whenever the consent or approval of Holders of a specified percentage of principal amount of Securities is required hereunder, Securities held by the Company or its affiliates (other than subsequent Holders of Securities if such subsequent Holders are deemed to be affiliates solely by reason of their holdings of such Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(k) Agent for Service; Submission to Jurisdiction; Waiver of Immunities. By the execution and delivery of this Agreement, the Company (i) acknowledges that it has, by separate written instrument, irrevocably designated and appointed CT Corporation System, 111 Eighth Avenue, 13/th/ Floor, New York, New York 10011 (and any successor entity), as its authorized agent upon which process may be served in any suit or proceeding arising out of or relating to this Agreement that may be instituted in any federal or state court in the State of New York or brought under federal or state securities laws, and acknowledges that CT Corporation System has accepted such designation, (ii) submits to the nonexclusive jurisdiction of any such court in any such suit or proceeding, and (iii) agrees that service of process upon CT Corporation System and written notice of said service to the Company shall be deemed in every respect effective service of process upon it in any such suit or proceeding. The Company further agrees to

take any and all action, including the execution and filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment of CT Corporation System in full force and effect so long as any of the Securities shall be outstanding. To the extent that the Company may acquire any immunity from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, it hereby irrevocably waives such immunity in respect of this Agreement, to the fullest extent permitted by law.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the several Initial Purchaser and the Company in accordance with its terms.

Very truly yours,

NetEase.com, Inc.

by: /s/ Ted Sun

Name: Ted Sun
Title: Acting CEO & a Director

The foregoing Registration Rights Agreement is hereby confirmed and accepted as of the date first above written.

Credit Suisse First Boston LLC

By: /s/ Rodney Tsang

Name: Rodney Tsang
Title: Director

ANNEX A

Form of Selling Securityholder Notice and Questionnaire

The undersigned beneficial holder of Zero Coupon Convertible Subordinated Notes due 2023 (the "Notes") of NetEase.com, Inc. (the "Company") or ordinary shares, par value $0.0001 per share (the "Ordinary Shares" and, together with the Notes, the "Securities"), of the Company understands that the Company has filed or intends to file with the Securities and Exchange Commission a registration statement (the "Shelf Registration Statement") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended, of the Securities in accordance with the terms of the Registration Rights Agreement, dated as of July 8, 2003 (the "Registration Rights Agreement"), among the Company and the initial purchaser named therein. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Registration Rights Agreement.

Each beneficial owner of Securities is entitled to the benefits of the Registration Rights Agreement. In order to sell or otherwise dispose of any Securities pursuant to the Shelf Registration Statement, a beneficial owner of Securities generally will be required to be named as a selling securityholder in the related prospectus, deliver a prospectus to purchasers of Securities and be bound by those provisions of the Registration Rights Agreement applicable to such beneficial owner (including certain indemnification provisions). In order to have Securities included in the Shelf Registration Statement (or a supplement or amendment thereto), this Notice of Registration Statement and Sellin Securityholder Questionnaire ("Notice and Questionnaire") must be completed, executed and delivered to the Company at the address set forth herein for receipt ON OR BEFORE [insert date that is 28 days from the date of the Notice and Questionnaire].

Notwithstanding the foregoing, upon the request of any Holder of Securities that did not return a Notice and Questionnaire on a timely basis or did not receive a Notice and Questionnaire because it was a subseqent transferee of Securtiis after the Company mailed the Notice and Qeustionnaire, (x) the Company shall send a Notice and Quetionnaire to such Holder at the address set forth in such request and (y) upon receipt of a properly completed Notice and Questionnaire from such Holder, the Company shall use commercially reasonable efforts to name such Holder as a selling securityholder in the Shelf Registration Statement by means of a pre-effective amendment or, if permitted by the Commission, by means of a post-effective amendment or a Prospectus supplement to the Shelf Registration Statement; provided, however,that the Company shall have no obligation to pay Additional Interest to such Holder for its failure to file a pre-effective amendment, a post-effective amendment or Prospectus supplement.

Certain legal consequences arise from being named as a selling securityholder in the Shelf Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling securityholder in the Shelf Registration Statement and the related prospectus.

Notice

The undersigned beneficial owner (the "Selling Securityholder") of Securities hereby gives notice to the Company of its intention to sell or otherwise dispose of Securities beneficially owned by it and listed below in Item 3 (unless otherwise specified under Item 3) pursuant to the Shelf Registration Statement.

The undersigned, by signing and returning this Notice and Questionnaire, understands that it will be bound by the terms and conditions of this Notice and Questionnaire and the Registration Rights Agreement as if the undersigned Selling Securityholder were an original party thereto.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate and complete:

Questionnaire

1. (a) Full Legal Name of Selling Securityholder:

_____

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Securities listed in Item (3) below are held:

_____

(c) Full Legal Name of DTC Participant (if applicable and if not the same as (b) above) through which Securities listed in Item (3) below are held:

_____

2. Address for Notices to Selling Securityholder:

_____

_____

Telephone: _____

Fax: _____

Contact Person: _____

3. Beneficial Ownership of Securities:

(a) Type and principal amount of Securities beneficially owned:

_____

(b) CUSIP No(s). of Securities beneficially owned:

_____

4. Beneficial Ownership of the Company's securities owned by the Selling Securityholder:

Except as set forth below in this Item (4), the undersigned is not the beneficial or registered owner of any "Other Securities," defined as securities of the Company other than the Securities listed above in Item (3).

(a) Type and amount of Other Securities beneficially owned by the Selling Securityholder:

_____

(b) CUSIP No(s). of such Other Securities beneficially owned:

_____

5. Relationship with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equityholders (5% or more) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

_____

_____

_____

_____

6. Plan of Distribution:

Except as set forth below, the undersigned (including its donees or pledgees) intends to distribute the Securities listed above in Item (3) pursuant to the Shelf Registration Statement only as follows (if at all): Such Securities may be sold from time to time directly by the undersigned or, alternatively, through underwriters, broker-dealers or agents. If the Securities are sold through an Underwritten Offering, the Selling Securityholder will (i) pay underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Selling Securityholder's Securities and (ii) reimburse the Company for any out-of-pocket expenses it reasonably incurs for performing any of its obligations under Sections 2(o), 2(r) and 2(s) of the Registration Rights Agreement in connection with such Underwritten Offering. In any offering under the Shelf Registratin Statement, each Selling Securityholder will reimburse the Company for any out-of-pocket expenses it reasonably incurs in connection with (i) the printing and delivery of prospectuses pursuant to Section 2(f) of the Registration Rights Agreement and (ii) the performance of its obligations under Section 2(q) of the Registration Right Agreement and will pay for all expenses payable in conenction with such Selling Securityholder's conversion of the Company's Ordinary Shares into American depositary shares. Such Securities may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale, or at negotiated prices. Such sales may be effected in transactions (which may involve block transactions) (i) on any national securities exchange or quotation service on which the Securities may be listed or quoted at the time of sale, (ii) in the over-the-counter market, (iii) in transactions otherwise than on such exchanges or services or in the over-the-counter market, or (iv) through the writing of options. In connection with sales of the Securities or otherwise, the undersigned may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the Securities and deliver Securities to close out such short positions, or loan or pledge Securities to broker-dealers that in turn may sell such securities.

State any exceptions here:

_____

_____

_____

_____

The undersigned acknowledges that it understands its obligation to comply with the provisions of the Securities Exchange Act of 1934, as amended, and the Rules thereunder relating to stock manipulation, particularly Regulation M thereunder (or any successor Rules or regulations), in connection with any offering of Securities pursuant to the Shelf Registration Statement. The undersigned agrees that neither it nor any person acting on its behalf will engage in any transaction in violation of such provisions.

The Selling Securityholder hereby acknowledges its obligations under the Registration Rights Agreement to indemnify and hold harmless certain persons as set forth therein.

The Selling Securityholder hereby agrees to deliver to the Company and the Trustee the Notice of Transfer set forth in Exhibit 1 to this Notice and Questionnaire following any sale of Securities pursuant to the Shelf Registration Statement.

Pursuant to the Registration Rights Agreement, the Company has agreed under certain circumstances to indemnify the Selling Securityholder against certain liabilities.

In accordance with the undersigned's obligation under the Registration Rights Agreement to provide such information as may be required by law for inclusion in the Shelf Registration Statement, the undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Shelf Registration Statement remains effective. All notices hereunder and pursuant to the Registration Rights Agreement shall be made in writing at the address set forth below.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items (1) through (6) above and the inclusion of such information in the Shelf Registration Statement and the related prospectus. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Shelf Registration Statement and the related prospectus.

IN WITNESS WHEREOF, the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Beneficial Owner

By:

Name:
Title:

PLEASE FAX THE COMPLETED AND EXECUTED
QUESTIONNAIRE AND RETURN THE ORIGINAL TO:

NetEase.com, Inc.
Suite 1901, Tower E3,
The Towers, Oriental Plaza
Dong Cheng District
Beijing, People's Republic of China 100738
(86-10) 8518-0163
Attn: Denny Lee
Fax: (86-10) 8518-3618

Exhibit 1
to Annex A

NOTICE OF TRANSFER PURSUANT TO REGISTRATION STATEMENT

NetEase.com, Inc.
Suite 1901, Tower E3,
The Towers, Oriental Plaza
Dong Cheng District
Beijing, People's Republic of China 100738
Attention: Chief Financial Officer

The Bank of New York
101 Barclay Street
21/st/ Floor West
New York, New York 10286, U.S.A.
Attention: Corporate Trust Services

With a copy to:

The Bank of New York
One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192
Attention: Global Trust Services
Fax No.: 65-6883-0338

Re: NetEase.com, Inc. (the "Company")
Zero Coupon Convertible Subordinated Notes due 2023 (the "Securities")

Dear Sirs:

Please be advised that the undersigned has transferred $ _____ aggregate principal amount of the above-referenced Securities or ordinary shares of the Company, issued upon conversion, repurchase or redemption of the Securities, pursuant to an effective Registration Statement on Form _____ (File No. 333- _____) filed by the Company.

We hereby certify that the prospectus delivery requirements, if any, of the Securities Act of 1933, as amended, have been satisfied with respect to the transfer described above and that the above-named beneficial owner of the Securities or ordinary shares is named as a selling securityholder in the Prospectus dated [date], or in amendments or supplements thereto, and that the aggregate principal amount of the Securities or number of ordinary shares transferred are [a portion of] the Securities or ordinary shares listed in such Prospectus, as amended or supplemented, opposite such owner's name.

Very truly yours,

(Name)

By:

(Authorized Signature)

EXHIBIT 4.4

CONFORMED COPY

NETEASE.COM, INC.

(a company incorporated under the laws of the Cayman Islands)

Zero Coupon Convertible Subordinated Notes due July 15, 2023

INDENTURE

Dated as of July 14, 2003

The Bank of New York,
Trustee

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	(c) (2)	12.04
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- ----------

/1/This Cross-Reference Table shall not, for any purpose, be deemed to be part of the Indenture.

INDENTURE, dated as of July 14, 2003 between NetEase.com, Inc., a company incorporated under the laws of the Cayman Islands with its corporate seat in Beijing, People's Republic of China (the "Company"), and The Bank of New York, a New York banking corporation, as trustee (in such capacity, together with any co-trustee, agent or successor, as the case may be, the "Trustee").

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of the Company's Zero Coupon Convertible Subordinated Notes due July 15, 2023 (the "Securities"):

ARTICLE 1
Definitions And Incorporation By Reference

Section 1.01. Definitions.

"ADR" means an American Depositary Receipt, evidencing one or more ADSs, issued pursuant to the Deposit Agreement.

"ADS" means an American Depositary Share, issued pursuant to the Deposit Agreement, initially representing 100 Ordinary Shares of the Company. Unless the context otherwise requires, references to ADSs include ADSs in the form of ADRs evidencing American Depositary Receipts of the Company.

"ADS Depositary" means The Bank of New York, as depositary for the ADSs.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Board" means, with respect to any matter, the Board of Directors of the Company.

"Business Day" means each day of the year on which banking institutions in The City of New York, any Place of Payment or any Place of Conversion are not required or authorized by law or regulation to close.

"Capital Stock" for any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) capital stock issued by that corporation.

"Cash" or "cash" means such coin or currency of The United States of America as at any time of payment is legal tender for the payment of public and private debts.

"Close of Business" on any day shall mean 5:00 p.m. The City of New York time on that day.

"Company" means the party named as the "Company" in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent successor to such successor or successors.

"Company Order" means a written request or order signed in the name of the Company by any two Officers and delivered to the Trustee.

"Consolidated Subsidiary" means, at any date, any Subsidiary the accounts of which are consolidated with those of the Company as of such date for public financial reporting purposes.

"Corporate Trust Office" means the office of the Trustee at which at any time the trust created by this Indenture shall be administered, which office at the date of the execution of this Indenture is located at its address for notices in Section 12.02 or at any other time at such other address as the Trustee may designate from time to time by notice to the Company.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Definitive Registered Note" means a Definitive Registered Note issued in respect of an interest in a Global Note, substantially in the form attached hereto as Exhibit A-2.

"Deposit Agreement" means the deposit agreement dated July 6, 2000 among the Company, the ADS Depository, and the holders from time to time of the ADRs issued thereunder or, if amended or supplemented as provided therein, as so amended or supplemented.

"Depositary" means The Depository Trust Company ("DTC") and its nominee and successors.

"Designated Senior Indebtedness" means the Company's obligations under any particular Senior Indebtedness in which the instrument creating or evidencing the same or the assumption or guarantee thereof (or any related agreements or documents to which the Company is a party) expressly provides that such Indebtedness shall be "Designated Senior Indebtedness" for purposes of this Indenture (provided that such instrument, agreement or other document may place limitations and conditions on the right of such Senior Indebtedness to exercise the rights of Designated Senior Indebtedness). If any payment made to any holder of any Designated Senior Indebtedness or its Representative with respect to such Designated Senior Indebtedness is rescinded or must otherwise be returned by such holder or Representative upon the insolvency, bankruptcy or reorganization of the Company or otherwise, the reinstated Indebtedness of the Company arising as a result of such rescission or return shall constitute Designated Senior Indebtedness effective as of the date of such rescission or return.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Global Note" means the Global Note or Notes without coupons, which will represent all of the Securities sold in compliance with Rule 144A, unless or until Definitive Registered Notes

are issued in respect of all or any Securities represented by the Global Note in which case the "Global Note" will represent all those Securities that are not from time to time evidenced by Definitive Registered Notes.

"Holder" or "Securityholder" means a Person in whose name a Security is registered on the Trustee's books.

"Indebtedness" means, with respect to any Person, without duplication, (a) all indebtedness, obligations and other liabilities (contingent or otherwise) of such Person for borrowed money (including obligations of such Person in respect of overdrafts, foreign exchange contracts, currency exchange agreements, interest rate protection agreements, and any loans or advances from banks, whether or not evidenced by notes or similar instruments) or evidenced by credit or loan agreements, bonds, debentures, notes or similar instruments (whether or not the recourse of the lender is to the whole of the assets of such Person or to only a portion thereof) (other than any trade accounts payable or other accrued current liability or obligation incurred in the ordinary course of business in connection with the obtaining of materials or services), (b) all reimbursement obligations and other liabilities (contingent or otherwise) of such Person with respect to letters of credit, bank guarantees or bankers' acceptances, (c) all obligations and liabilities (contingent or otherwise) of such Person (i) in respect of leases of such Person required, in conformity with generally accepted accounting principles, to be accounted for as capitalized lease obligations on the balance sheet of such Person, (ii) as lessee under other leases for facilities equipment (and related assets leased together therewith), whether or not capitalized, entered into or leased for financing purposes (as determined by the Company) or (iii) under any lease or related document (including a purchase agreement, conditional sale or other title retention agreement) in connection with the lease of real property or improvements thereon (or any personal property included as part of any such lease) which provides that such Person is contractually obligated to purchase or cause a third party to purchase the leased property or pay an agreed upon residual value of the leased property, including such Person's obligations under such lease or related document to purchase or cause a third party to purchase such leased property or pay an agreed upon residual value of the leased property to the lessor (whether or not such lease transaction is characterized as an operating lease or a capitalized lease in accordance with generally accepted accounting principles), (d) all obligations (contingent or otherwise) of such Person with respect to any interest rate, currency or other swap, cap, floor or collar agreement, hedge agreement, forward contract, or other similar instrument or foreign currency hedge, exchange, purchase or similar instrument or agreement, (e) all direct or indirect guarantees, agreements to be jointly liable or similar agreements by such Person in respect of, and obligations or liabilities (contingent or otherwise) of such Person to purchase or otherwise acquire or otherwise assure a creditor against loss in respect of, indebtedness, obligations or liabilities of another Person of the kind described in clauses (a) through (d), (f) any indebtedness or other obligations described in clauses (a) through (e) secured by any mortgage, pledge, lien or other encumbrance existing on property which is owned or held by such Person, regardless of whether the indebtedness or other obligation secured thereby shall have been assumed by such Person, and (g) any and all deferrals, renewals, extensions, refinancings and refundings of, or amendments, modifications or supplements to, any Indebtedness, obligation or liability of the kind described in clauses (a) through (f).

"Indenture" means this Indenture as amended or supplemented from time to time in accordance with the terms hereof.

"Issue Date" of any Security means the date on which the Security was originally issued or deemed issued as set forth on the face of the Security.

"Issue Price" of any Security means, in connection with the original issuance of such Security, the initial issue price at which the Security is sold as set forth on the face of the Security.

"Lien" means a preference arrangement on property, such as, a mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, charge, preference, priority, security agreement, capital lease obligation, conditional sale or any other agreement that has the same economic effect as any of the foregoing.

"Notes" means Global Notes and Definitive Registered Notes, collectively.

"Officers" means the Company's Chief Executive Officer, Chief Financial Officer and Executive Director, or any Vice President, or Persons who carry out similar responsibilities at the Company from time to time.

"Officers' Certificate" means a written certificate containing the information specified in Section 12.04, and, if applicable, Sections 3.08(a), 4.06, 8.01, 9.05, 10.15, 12.03 and other relevant sections hereof, signed by any two Officers.

"Opinion of Counsel" means a written opinion containing the information specified in Sections 12.03 and 12.04 and, if applicable, Sections 2.12(c), 8.01 and 9.05 rendered by legal counsel who may be (i) an employee of, or counsel to, the Company or (ii) other counsel designated by the Company and reasonably satisfactory to the Trustee.

"Ordinary Shares" means the Ordinary Shares, nominal value $0.0001 per share, of the Company as it exists on the date of this Indenture or any other shares of Capital Stock of the Company into which such Ordinary Shares shall be reclassified or changed.

"Participant" means, with respect to DTC, a Person who has an account with DTC.

"Payable Amount" means the Principal Amount, Redemption Price, Repurchase Price, Fundamental Change Repurchase Price, Delisting Put Price, or Merger Redemption Price, as applicable, to be paid to a Holder.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Principal" or "Principal Amount" of a Security means the principal amount due at the Stated Maturity of the Security as set forth on the face of the Security.

"Private Placement Legend" means the restrictive legend initially set forth in the Global Note or the Definitive Registered Notes, as set forth in Exhibits A-1 or A-2, as applicable.

"QIB" means a "qualified institutional buyer" as defined under Rule 144A.

"Redemption Date" shall mean the date specified for redemption of any of the Securities in accordance with the terms of the Securities and this Indenture.

"Redemption Price" shall mean an amount equal to the Principal Amount.

"Regulation S" means Regulation S promulgated under the Securities Act.

"Representative" means the (a) indenture trustee or other trustee, agent or representative for any Senior Indebtedness or (b) with respect to any Senior Indebtedness that does not have any such trustee, agent or other representative, (i) in the case of such Senior Indebtedness issued pursuant to an agreement providing for voting arrangements as among the holders or owners of such Senior Indebtedness, any holder or owner of such Senior Indebtedness acting with the consent of the required Persons necessary to bind such holders or owners of such Senior Indebtedness and (ii) in the case of all other such Senior Indebtedness, the holder or owner of such Senior Indebtedness.

"Rule 144A" means Rule 144A under the Securities Act.

"SEC" means the Securities and Exchange Commission.

"Securities" means any of the Company's Zero Coupon Convertible Subordinated Notes due July 15, 2023, as amended or supplemented from time to time in accordance with the terms hereof, issued under this Indenture.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Indebtedness" means the principal of, premium, if any, interest (including all interest accruing subsequent to the commencement of any bankruptcy or similar proceeding, whether or not a claim for post-petition interest is allowable as a claim in any such proceeding) and rent payable on or in connection with, and all fees, costs, expenses and other amounts accrued or due on or in connection with, Indebtedness of the Company, whether secured or unsecured, absolute or contingent, due or to become due, outstanding on the date of this Indenture or thereafter created, incurred, assumed, guaranteed or in effect guaranteed by the Company, including all deferrals, renewals, extensions or refundings of, or amendments, modifications or supplements to, the foregoing, unless in the case of any particular Indebtedness the instrument creating or evidencing the same or the assumption or guarantee thereof expressly provides that such Indebtedness shall not be senior in right of payment to the Securities or expressly provides that such Indebtedness is "pari passu" or "junior" to the Securities. If any payment made to any holder of any Senior Indebtedness or its Representative with respect to such Senior Indebtedness is rescinded or must otherwise be returned by such holder or Representative upon the insolvency, bankruptcy or reorganization of the Company or otherwise, the reinstated Indebtedness of the Company arising as a result of such rescission or return shall constitute Senior Indebtedness effective as of the date of such rescission or return.

Notwithstanding the foregoing, Senior Indebtedness shall not include any Indebtedness of the Company to any wholly-owned Subsidiary, other than Indebtedness to Subsidiaries arising by reason of guarantees by the Company of Indebtedness of such Subsidiary to a Person that is not the Company's Subsidiary.

"Stated Maturity", when used with respect to any Security, means the date specified in such Security as the fixed date on which the Principal of such Security is due and payable.

"Subsidiary" means (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors (or other governing body of such corporation) is, at the date of determination, directly or indirectly owned by the Company, by one or more Subsidiaries of the Company or by the Company and one or more Subsidiaries of the Company, (ii) a partnership in which the Company or a Subsidiary of the Company holds a majority interest in the equity capital or profits of such partnership, or (iii) any other Person (other than a corporation) in which the Company, a Subsidiary of the Company or the Company and one or more Subsidiaries of the Company, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"The Nasdaq National Market" means the National Market of the National Association of Securities Dealers Automated Quotation System.

"TIA" means the Trust Indenture Act of 1939, as amended by the Trust Indenture Reform Act of 1990, and as in effect on the date of this Indenture.

"Trading Day" means each day on which the securities exchange or quotation system which is used to determine the ADS Sale Price is open for trading or quotation.

"Trustee" means the party named as the "Trustee" in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor.

"Trust Officer" when used with respect to the Trustee means any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such Person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

Section 1.02. Other Definitions.

Term	Defined in Section
"Additional Amounts"	4.06
"ADS Sale Price"	10.02(a)
"Applicable Cash Settlement Averaging Period"	10.03(c)

Term	Defined in Section
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"Final Surrender Date"	3.09(c)
"Fundamental Change"	3.09(a)
"Fundamental Change Notice"	3.09(b)
"Fundamental Change Repurchase Date"	3.09(a)
"Fundamental Change Repurchase Notice"	3.09(c)
"Fundamental Change Repurchase Price"	3.09(a)
"Junior Securities"	11.08
"Legal Holiday"	12.07
"Merger Event"	5.01
"Merger Redemption Date"	5.01(b)
"Merger Redemption Notice"	5.01(b)
"Merger Redemption Obligation"	5.01(b)
"Merger Redemption Price"	5.01(b)

Term	Defined in Section
"Merger Redemption Surrender Date"	5.01(b)
"Notice of Default"	6.01
"Partial Cash Amount"	10.03
"Paying Agent"	2.03
"Payment Blockage Notice"	11.02
"Place of Conversion"	2.03
"Place of Payment"	2.03
"Purchaser"	2.02
"Purchased Shares"	10.11
"Purchaser's Increase Option"	2.02
"Record Date"	10.08, 10.09, 10.10
"Reference Price"	10.02(a)
"Registrar"	2.03
"Repurchase Date"	3.08(a)
"Repurchase Deadline"	3.08(a)
"Repurchase Notice"	3.08(a)
"Repurchase Price"	3.08(a)
"Senior Indebtedness"	11.02
"Settlement Notice Period"	10.03(c)
"Taxes"	4.06
"Time of Determination"	10.08
"Trading Price"	10.02(c)

Section 1.03. Incorporation by Reference of Trust Indenture Act. Whenever this Indenture refers to a provision of the TIA, such provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

"Commission" means the SEC.

"indenture securities" means the Securities.

"indenture security holder" means a Securityholder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor" on the indenture securities means the Company.

All other TIA terms used in this Indenture that are defined by the TIA or defined by TIA reference to another statute or regulation have the meanings assigned to them by such definitions.

Section 1.04. Rules of Construction. Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles as in effect from time to time in The United States of America;

(c) "or" is not exclusive;

(d) "including" means including, without limitation; and

(e) words in the singular include the plural, and words in the plural include the singular.

ARTICLE 2
The Securities

Section 2.01. Form and Dating. The Securities shall be substantially in the form of Exhibits A-1 and A-2, which are a part of this Indenture. The Securities may have notations, legends or endorsements required by law, stock exchange rule or usage (provided that any such notation, legend or endorsement required by usage is in a form acceptable to the Company and the Trustee). Each Security shall be dated the date of its authentication.

Section 2.02. Execution and Authentication; Transfers. The Securities shall be executed by the Company by one or more Officers. The signature of any of these Officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the Issue Date of such Securities.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized officer, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

The Trustee shall authenticate and deliver Securities for original issue in an aggregate Principal Amount of $75,000,000 upon a Company Order without any further action by the Company; provided, however, that in the event that Credit Suisse First Boston LLC (the "Purchaser") elects to purchase additional Securities pursuant to the option (the "Purchaser's

Increase Option") granted pursuant to Section 3 of the Purchase Agreement, dated July 8, 2003, between the Company and the Purchaser, then the Trustee shall authenticate and deliver Securities for original issue in an aggregate Principal Amount of up to $75,000,000 plus up to $25,000,000 aggregate Principal Amount of Securities sold pursuant to the Purchaser's Increase Option upon a Company Order. The aggregate Principal Amount of Securities outstanding at any time, plus the aggregate Principal Amount of any Securities that have been converted or redeemed pursuant to the provisions of this Indenture prior to such time, may not exceed the amount set forth in the foregoing sentence, subject to the proviso set forth therein, except as provided in Section 2.06.

The Securities shall be issued in fully registered form without interest coupons in the form of one or more Global Notes. The Securities shall be held through The Depository Trust Company and shall be represented by a Global Note in fully registered form without interest coupons, substantially in the form set forth in Exhibit A-1 hereto. The Global Note shall be deposited with The Bank of New York, as custodian for DTC, and registered in the name of the nominee of DTC.

Section 2.03. Registrar, Paying Agent and Conversion Agent. The Company initially appoints The Bank of New York as conversion agent (in such capacity, the "Conversion Agent"), paying agent (in such capacity, the "Paying Agent") and registrar (in such capacity, the "Registrar"). The terms "Conversion Agent", "Paying Agent" and "Registrar" shall also include any successors in such capacities to The Bank of New York. The Trustee, so long as it acts also as the Conversion Agent, Paying Agent and Registrar, shall maintain an office or agency in The City of New York where Securities may be presented for registration of transfer, exchange or conversion.

The City of New York, as the city in which payment or conversion occurs, shall be called herein the "Place of Payment" or the "Place of Conversion", respectively. The Registrar shall keep a register of the Securities and of their transfer and exchange.

The Trustee shall be entitled to appropriate compensation for acting as Registrar, Paying Agent and Conversion Agent pursuant to Section 7.07.

Section 2.04. Paying Agent to Hold Money and Securities in Trust. In accordance with Section 4.05 and except as otherwise provided herein, prior to or on each due date for payments in respect of any Security, the Company shall deposit with the Paying Agent a sum of money or, if permitted by the terms hereof, securities sufficient to make such payments when so becoming due.

The Company shall require the Paying Agent (if other than the Trustee) to agree in writing that such Paying Agent shall hold in trust for the benefit of Securityholders or the Trustee all money and securities held by such Paying Agent for the making of payments in respect of the Securities and shall promptly notify the Trustee of any default by the Company in making any such payment. At any time during the continuance of any default by the Company in making any payments in respect of the Securities, each Paying Agent shall, upon the written request of the Trustee, forthwith pay to the Trustee all money and securities so held in trust.

If the Company, a Subsidiary or an Affiliate of either of them acts as the Paying Agent, it shall segregate the money and securities held by it as such Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money and securities held by it to the Trustee and to account for any money and securities disbursed by it. Upon doing so, such Paying Agent shall have no further liability for such money and securities.

Section 2.05. Securityholder Lists. The Registrar shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders.

The Company shall furnish or cause to be furnished to the Trustee (i) at least semiannually on June 1 and December 1 a list of the names and addresses of Securityholders dated within 15 days of the date on which the list is furnished and (ii) at such other times as the Trustee may request in writing a list, in such form and as of such date as the Trustee may reasonably require, of the names and addresses of Securityholders, other than those registered with the Trustee.

Section 2.06. Replacement Securities. If (a) any mutilated Security is surrendered to the Trustee, or (b) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and there is delivered to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute, and upon its written request the Trustee shall authenticate and deliver, in exchange for any such mutilated Security or in lieu of any such destroyed, lost or stolen Security, a new Security of like tenor and Principal Amount, bearing a number not contemporaneously outstanding.

Upon the issuance of any new Securities under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) in connection therewith.

Every new Security issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 2.07. Outstanding Securities; Determinations of Holders' Action. Securities outstanding at any time are all the Securities authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation, mutilated, destroyed, lost or stolen Securities for which the Trustee has authenticated and delivered a new Security in lieu therefor pursuant to Section 2.06 and those described in this Section 2.07 as not outstanding. Subject to

Section 2.08, a Security does not cease to be outstanding because the Company or an Affiliate thereof holds the Security; provided, however, that in determining whether the Holders of the requisite Principal Amount of Securities have given or concurred in any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company, or any other obligor upon the Securities, or any Affiliate of the Company or such other obligor, shall be disregarded and deemed not to be outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which a Trust Officer of the Trustee has actual knowledge or has received written notice to be so owned shall be so disregarded. Subject to the foregoing, only Securities outstanding at the time of such determination shall be considered in any such determination (including, without limitation, determinations pursuant to Articles 6 and 9).

If a Security is replaced pursuant to Section 2.06, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a bona fide purchaser.

If the Paying Agent holds, in accordance with this Indenture, on a Redemption Date, or on the Business Day following the Repurchase Date, a Fundamental Change Repurchase Date, a Delisting Put Date or a Merger Redemption Date, or on the Stated Maturity, money sufficient to pay the Securities payable on that date, then on and after that date such Securities shall cease to be outstanding and accrued and unpaid interest, if any, on such Securities shall cease to accrue and all other rights of the Holder shall terminate whether or not the applicable Securities are delivered to the Paying Agent (other than the right to receive the applicable Redemption Price, Repurchase Price, Fundamental Change Repurchase Price, Delisting Put Price or Merger Redemption Price, as the case may be, upon delivery of the Security in accordance with the terms of this Indenture); provided, that if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made.

If a Security is converted in accordance with Article 10, then from and after the Conversion Date such Security shall cease to be outstanding and accrued and unpaid interest, if any, shall cease to accrue on such Security.

Section 2.08. Cancellation. All Securities surrendered for payment, redemption or repurchase by the Company pursuant to Article 3, conversion pursuant to Article 10, registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly cancelled by the Trustee. The Company may not issue new Securities to replace Securities it has paid or delivered to the Trustee for cancellation or that any Holder has converted pursuant to Article 10. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. Unless the Company requests otherwise, the Trustee shall dispose of all cancelled Securities in accordance with its outstanding procedures.

Section 2.09. Restrictive Legends. Subject to Section 2.12(c), until the expiration of the applicable holding period with respect to the Securities set forth in Rule 144(k) promulgated under the Securities Act, the Global Note and the Definitive Registered Note, if any, shall bear a restrictive legend in the face thereof substantially in the form contained in Exhibits A-1 and A-2, respectively.

Section 2.10. Transfer and Exchange. (a) Global Notes. Transfers of any Global Note shall be limited to transfers in whole, but not in part, only to DTC or another nominee of DTC.

(b) Definitive Registered Notes. Definitive Registered Notes will be issued in exchange for the Global Note as directed by the Holder thereof (i) if an Event of Default occurs, upon the written request of the Holder of such Global Note or, (ii) if the Depositary notifies the Company that it is unwilling or unable to continue as Depositary, and, in each case, in accordance with the provisions of Section 2.12. In any such event,

(i) the Company shall execute, and the Trustee, upon receipt of an Officers' Certificate for the authentication and delivery of Definitive Registered Notes, shall authenticate and deliver, without service charge, to the Persons specified by the Holder of such Global Note, Definitive Registered Notes each evidencing $1,000 principal amount at maturity or integral multiples thereof and registered in such names as such Holder shall instruct the Trustee evidencing an aggregate principal amount at maturity equal to and in exchange for such Global Note held by such Holder; and

(ii) if the principal amount at maturity evidenced by the surrendered Global Note is greater than the aggregate principal amount at maturity evidenced by all the Definitive Registered Notes authenticated and delivered pursuant to clause (i) above, the Registrar shall adjust the register relating to such Global Note to decrease the principal amount at maturity evidenced by such Global Note by an amount equal to the aggregate principal amount at maturity evidenced by all such Definitive Registered Notes.

Upon the exchange of such Global Note for Definitive Registered Notes evidencing an aggregate principal amount of Indebtedness at maturity equal to that of such Global Note, such Global Note shall be canceled by the Trustee.

The Company shall reimburse the Registrar and the Trustee for expenses they incur in documenting such exchanges and issuances of Definitive Registered Notes.

Any Definitive Registered Note delivered in exchange for an interest in the Global Notes pursuant to paragraph (b) of this Section 2.10 shall, except as otherwise provided by paragraph (c) of Section 2.12, bear the legend regarding transfer restrictions applicable to a Definitive Registered Note set forth in Exhibit A-2.

All Definitive Registered Notes issued upon any exchange of beneficial interests in the Global Note shall be valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities evidenced by such Global Note surrendered upon such exchange.

When a Definitive Registered Note, if any, is presented to the Registrar with a request from the Holder of such Definitive Registered Note to register a transfer, the Registrar shall register the transfer as requested. Every Definitive Registered Note presented or surrendered for registration of transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Registrar, duly executed by the Holder thereof or his attorneys duly authorized in writing.

At the option of the Holder, a Definitive Registered Note may be exchanged for another Definitive Registered Note in denominations of $1,000 principal amount at maturity and integral multiples thereof evidencing an equivalent aggregate principal amount at maturity, upon surrender of the Definitive Registered Note to be exchanged at the office or agency maintained for such purpose pursuant to Section 2.03.

To permit registrations of transfers and exchanges, the Company shall issue and execute and the Trustee shall authenticate new Definitive Registered Notes evidencing such transfer or exchange at the Registrar's request. No service charge shall be made to the Holder for any registration of transfer or exchange. The Company shall not charge a service charge for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges that may be imposed in connection with the transfer or exchange of the Securities from the Securityholder requesting such transfer or exchange (other than any exchange of a temporary Security for a definitive Security not involving any change in ownership). The Registrar shall not be required to exchange or register a transfer of any Definitive Registered Note for a period of 15 days immediately preceding the first mailing of notice of redemption of Definitive Registered Notes to be redeemed or of any Definitive Registered Note selected, called or being called for redemption except, in the case of any Definitive Registered Note where public notice has been given that such Definitive Registered Note is to be redeemed in part, the portion thereof not to be redeemed.

(c) Global Notes and Definitive Registered Notes. The Company shall not be required to make, and the Registrar need not register, transfers or exchanges of (i) Securities selected for redemption (except, in the case of Securities to be redeemed in part, the portion thereof not to be redeemed), (ii) any Securities in respect of which the Repurchase Notice, a Fundamental Change Repurchase Notice or a Delisting Put Notice has been given and not withdrawn by the Holder thereof in accordance with the terms of this Indenture (except, in the case of Securities to be repurchased in part, the portion thereof not to be repurchased) or (iii) any Securities for a period of 15 days before a selection of Securities to be redeemed.

Section 2.11. Book-Entry Provisions for Global Notes. (a) Any beneficial interest in one of the Global Notes that is transferred to a Person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

(b) The Holder of a Global Note may grant proxies and otherwise authorize any Person to take any action which a Holder is entitled to take under this Indenture or the Securities.

Section 2.12. Special Transfer Provisions. Unless and until a Security is registered under the Securities Act, the following provisions shall apply:

(a) Transfers to U.S. Persons. If the Security is to be transferred to a U.S. Person and consists of (A) Definitive Registered Notes prior to the removal of the Private Placement Legend, the transferor must advise the Company and the Trustee in writing that the sale has been made in compliance with the provisions of Rule 144A to a transferee who has advised the Company and the Trustee in writing that it is purchasing the Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB within the meaning of Rule 144A and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as it has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A or (B) an interest in the Global Note, the transfer of such interest may be effected only through the book-entry system maintained by the Depositary.

(b) Transfers to Non-U.S. Persons at Any Time. Any proposed transfer to any Non-U.S. Person of a Definitive Registered Note or an interest in a Global Note may be made upon receipt by the Trustee of a certificate substantially in the form of Exhibit C hereto from the proposed transferor.

(c) Private Placement Legend. Upon the transfer, exchange or replacement of Securities not bearing the Private Placement Legend, the Trustee shall deliver Securities that do not bear the Private Placement Legend. Upon the transfer, exchange or replacement of Securities bearing the Private Placement Legend, the Trustee shall deliver only Securities that bear the Private Placement Legend unless (i) the Securities are registered under the Securities Act, or (ii) if the time period referred to in Rule 144(k) has expired and there is delivered to the Trustee an Opinion of Counsel reasonably satisfactory to the Company and the Trustee to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

(d) General. By its acceptance of any Security bearing the Private Placement Legend, each Holder of such a Security acknowledges the restrictions on transfer of such Security set forth in this Indenture and in the Private Placement Legend and agrees that it will transfer such Security only as provided in this Indenture. In connection with any transfer of Securities, each Holder agrees by its acceptance of the Securities to furnish the Trustee or the Company such certifications, legal opinions or other information as either of them may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act; provided that the Trustee shall not be required to determine (but may conclusively rely on a determination made by the Company with respect to) the sufficiency of any such certifications, legal opinions or other information.

The Trustee shall retain copies of all letters, notices and other written communications received pursuant to Section 2.11 or this Section 2.12 in accordance with its customary record retention procedures. The Company shall have the right to inspect and make copies of all such

letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Trustee.

Section 2.13. CUSIP and ISIN Numbers. The Company in issuing the Securities may use "CUSIP" and/or "ISIN"numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" and/or "ISIN" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee of any change in the "CUSIP" or "ISIN" numbers.

Section 2.14. Restrictions Upon Conversion of Restricted Securities. Any purchaser of Securities, other than a foreign purchaser outside the U.S., shall, upon conversion of any Securities, if at the time of conversion such Securities are "restricted securities" within the meaning of Rule 144 under the Securities Act, be required to sign a letter addressed to the Company agreeing that:

(a) if it should offer, resell or otherwise transfer any Ordinary Shares issued upon conversion of its beneficial interests in the Securities within the time period referred to in Rule 144(k) under the Securities Act after the original issuance of the Securities, it will do so only:

(i) to the Company or any Subsidiary thereof,

(ii) outside the United States in compliance with Rule 903 or 904 under the Securities Act (and not in a pre-arranged transaction resulting in the resale of such interests in the Securities into the U.S.), or

(iii) pursuant to the exemption from registration provided by Rule 144A (if available); and

(b) the Ordinary Shares received upon conversion of the Securities will be "restricted securities" (within the meaning of Rule 144(a)(3)).

ARTICLE 3
Redemption And Repurchases

Section 3.01. Right to Redeem. The Company, at its option, may redeem the Securities, in whole or in part, for cash in accordance with the provisions set forth in paragraphs 5 and 8 of the Securities; provided, however, that the Securities may not be redeemed prior to July 15, 2008 except as provided for in Section 5.01 hereof. Beginning on such date and until the Close of Business on the Stated Maturity, the Company may redeem the Securities, in whole or in part, for cash at the Redemption Price, together with accrued and unpaid interest, if any, if the Reference Price of the Ordinary Shares for 20 out of any 30 consecutive Trading Day period, the last Trading Day of which occurs no more than five days prior to the date the notice of redemption under Section 3.03 is published, is at least 130% of the Conversion Price in effect on

such Trading Day. If the Company elects to redeem Securities pursuant to paragraph 5 of the Securities, it shall notify the Holders in writing of the Redemption Date and the Principal Amount of Securities to be redeemed.

The Company shall not give less than 30 days' or more than 60 days' notice of redemption by mail to Holders of Securities, with a copy to the Trustee.

Section 3.02. Selection of Securities to be Redeemed. If less than all the Securities are to be redeemed, the Trustee shall select the Securities to be redeemed pro rata or by lot or by any other method the Trustee considers fair and appropriate (so long as such method is not prohibited by the rules of any stock exchange on which the Securities are then listed). The Trustee shall make the selection at least 30 but not more than 60 days before the Redemption Date from outstanding Securities not previously called for redemption. The Trustee may select for redemption portions of the Principal Amount of Securities that have denominations larger than $1,000. Securities and portions of them the Trustee selects shall be in Principal Amounts of $1,000 or an integral multiple of $1,000. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption. The Trustee shall notify the Company promptly of the Securities or portions of Securities to be redeemed.

If any Security selected for partial redemption is thereafter surrendered for conversion in part before termination of the conversion right with respect to the portion of the Security so selected and prior to such redemption, the converted portion of such Security shall be deemed (so far as may be), solely for purposes of determining the aggregate Principal Amount of Securities to be redeemed by the Company, to be the portion selected for redemption. Securities that have been converted during a selection of Securities to be redeemed may be treated by the Trustee as outstanding for the purpose of such selection. Nothing in this Section 3.02 shall affect the right of any Holder to convert any Security pursuant to Article 10 before the termination of the conversion right with respect thereto.

Section 3.03. Notice of Redemption. At least 30 days but not more than 60 days before a Redemption Date, the Company shall mail a notice of redemption by first-class mail to each Holder of Securities to be redeemed in the manner provided in Section 12.02.

The notice shall identify the Securities to be redeemed and shall state:

(a) the Redemption Date;

(b) the Redemption Price;

(c) the Conversion Price;

(d) the name and address of the Paying Agent and Conversion Agent, and of the offices or agencies referred to in Section 4.05;

(e) that Securities called for redemption may be converted at any time before the Close of Business on the Redemption Date;

(f) that Holders who want to convert Securities must satisfy the requirements set forth in paragraph 9 of the Securities;

(g) that Securities called for redemption must be surrendered to the Paying Agent or at any applicable office or agency referred to in Section 4.05 to collect the Redemption Price;

(h) the CUSIP, ISIN or other certificate numbers, if any, of the Securities;

(i) if fewer than all the outstanding Securities are to be redeemed, the certificate numbers, if any, and Principal Amounts of the particular Securities to be redeemed; and

(j) that, unless the Company defaults in payment of the Redemption Price, accrued and unpaid interest, if any, will cease to accrue on and after the Redemption Date.

If fewer than all the outstanding Securities are to be redeemed and the Trustee is to select the Securities to be redeemed, the Company shall provide notice thereof to the Trustee at least 10 days before notice is provided to each Holder of Securities.

At the Company's written request, the Trustee shall give the notice of redemption in the Company's name, at the Company's expense and using the text of such notice prepared by the Company.

Section 3.04. Effect of Notice of Redemption. Once notice of redemption is given, Securities called for redemption become due and payable on the Redemption Date stated in the notice and at the Redemption Price therefor except for Securities which a Holder surrenders for conversion in accordance with Section 10.02(b). On the Redemption Date, such Securities called for redemption shall be paid at the Redemption Price therefor. Notice of redemption shall be deemed to be given when mailed, whether or not the Holder receives such notice.

Section 3.05. Deposit of Redemption Price. On or prior to the Redemption Date, the Company shall deposit or cause to be deposited with the Paying Agent (or if the Company or a Subsidiary or an Affiliate of either of them is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the Redemption Price of all Securities to be redeemed on that date other than Securities or portions of Securities called for redemption which prior thereto have been delivered by the Company to the Trustee for cancellation. The Company shall pay redemption funds into an account in the name of the Paying Agent, on behalf of the relevant Holder. When the redemption funds are paid into the account in the Paying Agent's name, the Paying Agent shall immediately transfer the redemption funds to the relevant Holder in exchange for the Securities surrendered to the Paying Agent by the relevant Holder. The Paying Agent shall as promptly as practicable return to the Company any money, with interest, if any, thereon (subject to the provisions of Section 7.01(e)), not required for that purpose because of conversion of Securities pursuant to Article 10. If such money is then held by the Company or a Subsidiary or an Affiliate of the Company in trust and is not required for such purpose it shall be discharged from such trust.

Section 3.06. Securities Redeemed in Part. Upon surrender of a Security that is redeemed in part, the Company shall execute, and the Trustee shall authenticate and deliver to

the Holder, a new Security in an authorized denomination equal in Principal Amount to the unredeemed portion of the Security surrendered.

Section 3.07. Conversion Arrangement on Call for Redemption. In connection with any redemption of Securities, the Company may arrange for the purchase and conversion of any Securities called for redemption by an agreement with one or more investment bankers or other purchaser to purchase all or a portion of such Securities by paying to the Trustee in trust for the Holders whose Securities are to be so purchased, before the Close of Business on the Redemption Date, an amount that, together with any amounts deposited with the Trustee by the Company for redemption of such Securities, is not less than the Redemption Price, together with accrued and unpaid interest, if any, accrued to the Redemption Date of such Securities. Notwithstanding anything to the contrary contained in this Article 3, the obligation of the Company to pay the Redemption Price of such Securities, together with accrued and unpaid interest, if any, shall be deemed to be satisfied and discharged to the extent such amount is so paid by such purchaser but no such agreement shall relieve the Company of its obligation to pay such Redemption Price, together with accrued and unpaid interest, if any. If such an agreement is entered into, any Securities not duly surrendered for conversion by the Holders thereof in accordance with Section 10.02(b) may, at the option of the Company, be deemed, to the fullest extent permitted by law, acquired by such purchaser from such Holders and (notwithstanding anything to the contrary contained in Article 10) surrendered by such purchaser for conversion, all as of immediately prior to the Close of Business on the Redemption Date, subject to payment to the Holders of the above amount as aforesaid. The Trustee shall hold and pay to the Holders whose Securities are selected for redemption any such amount paid to it for purchase and conversion in the same manner as it would moneys deposited with it by the Company for the redemption of Securities. Without the Trustee's prior written consent, no arrangement between the Company and such purchaser for the purchase and conversion of any Securities shall increase or otherwise affect any of the powers, duties, responsibilities or obligations of the Trustee as set forth in this Indenture, and the Company agrees to fully indemnify the Trustee from, and hold it harmless against, any and all loss, liability or expense (including taxes other than taxes based on the income of the Trustee) arising out of or in connection with any such arrangement for the purchase and conversion of any Securities between the Company and such purchaser, including the costs and expenses incurred by the Trustee in the defense of any claim (whether asserted by the Company, any Holder or any other Person) or liability arising out of or in connection with the exercise or performance of any of its powers, duties, responsibilities or obligations under this Indenture other than resulting from the Trustee's gross negligence or willful misconduct.

Section 3.08. Repurchase of Securities at the Option of the Holder. (a) General. Securities shall be repurchased by the Company pursuant to paragraph 6 of the Securities on July 15, 2006, July 15, 2007, July 15, 2008, July 15, 2013 and July 15, 2018 (each, a "Repurchase Date"), at a Repurchase Price equal to the Principal Amount of such Securities (the "Repurchase Price"), together with accrued and unpaid interest, if any, at the option of the Holder thereof, upon:

(i) delivery to the Paying Agent or to any applicable office or agency referred to in Section 4.05 by the Holder of a written notice of repurchase (the "Repurchase Notice") at any time from the opening of business on the date that is 20 Business Days

prior to a Repurchase Date until the Close of Business on the fifth Business Day prior to the Repurchase Date (the "Repurchase Deadline") stating:

(A) the certificate numbers of the Holder's Securities to be delivered for repurchase, in the case of a Definitive Registered Note;

(B) the portion of the Principal Amount of the Security which the Holder will deliver to be repurchased, which portion must be $1,000 or an integral multiple thereof; and

(C) that such Security shall be repurchased on the Repurchase Date pursuant to the terms and conditions specified in this Indenture and in paragraph 6 of the Securities.

(ii) delivery of such Security prior to the Repurchase Deadline (together with all necessary endorsements) to the Paying Agent or to any applicable office or agency referred to in Section 4.05, such delivery being a condition to receipt by the Holder of the Repurchase Price therefor; provided, however, that the Repurchase Price shall be so paid pursuant to this Section 3.08 only if the Security so delivered conforms in all material respects to the description thereof in the related Repurchase Notice.

The Company shall repurchase from the Holder thereof, pursuant to this Section 3.08, a portion of a Security if the Principal Amount of such portion is $1,000 or an integral multiple of $1,000. Provisions of this Indenture that apply to the repurchase of all of a Security also apply to the repurchase of such portion of such Security.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent or any applicable office or agency referred to in Section 4.05 the Repurchase Notice contemplated by this Section 3.08(a) shall have the right to withdraw such Repurchase Notice at any time prior to the Close of Business on the third Business Day prior to the Repurchase Date by delivery of a written notice of withdrawal to the Paying Agent or such office or agency in accordance with Section 3.11. If the Holder of a Security has delivered a Repurchase Notice, such Security can be converted only if the Repurchase Notice is withdrawn.

The Paying Agent shall promptly notify the Company of the receipt by it of any Repurchase Notice or written notice of withdrawal thereof.

At least five Business Days before the Company Notice Date (as defined below), the Company shall deliver an Officers' Certificate to the Trustee specifying:

(i) the information required by Section 3.08(c); and

(ii) whether the Company desires the Trustee to give, on its behalf, the notice required by Section 3.08(c).

(b) Repurchase. On the Repurchase Date, subject to Section 3.11, the Principal Amount of the Securities in respect of which the Repurchase Notice pursuant to Section 3.08(a) has been given, or a specified percentage thereof, shall be repurchased by the Company with

cash equal to the aggregate Repurchase Price of such Securities, together with accrued but unpaid interest, if any.

(c) Notice of Election. The Company shall send notices (the "Company Notice") to the Holders (and to beneficial owners as required by applicable law) in the manner provided in Section 12.02, on a date not less than 20 Business Days prior to the Repurchase Date (such date not less than 20 Business Days prior to the Repurchase Date being herein referred to as the "Company Notice Date"). Such notices shall include a form of Repurchase Notice to be completed by the Securityholder and shall state:

(i) the Repurchase Price and Conversion Price;

(ii) the name and address of the Paying Agent and Conversion Agent, and of the offices or agencies referred to in Section 4.05;

(iii) that Securities as to which the Repurchase Notice has been given may be converted into Ordinary Shares at any time prior to the Close of Business on the applicable Repurchase Date only if the applicable Repurchase Notice has been withdrawn in accordance with the terms of this Indenture;

(iv) that Securities must be surrendered to the Paying Agent or to any applicable office or agency referred to in Section 4.05 to collect payment;

(v) that the Repurchase Price for any security as to which the Repurchase Notice has been given and not withdrawn will be paid promptly following the later of the Repurchase Date and the time of surrender of such Security as described in (iii);

(vi) the procedures the Holder must follow to exercise rights under Section 3.08 and a brief description of those rights;

(vii) briefly, the conversion rights of the Securities and that Holders who want to convert Securities must satisfy the requirements set forth in paragraph 9 of the Securities; and

(viii) the procedures for withdrawing the Repurchase Notice.

At the Company's written request, the Trustee shall give such notice in the Company's name and at the Company's expense; provided, however, that, in all cases, the text of such notice shall be prepared by the Company.

(d) Procedure Upon Repurchase. The Company shall deposit cash at the time and in the manner as provided in Section 3.12, sufficient to pay the aggregate Repurchase Price of all Securities to be repurchased pursuant to this Section 3.08. Promptly after the later of the Repurchase Date or the date on which such Securities are surrendered to the Paying Agent or at any applicable office or agency referred to in Section 4.05, the Paying Agent shall deliver to each Holder entitled to receive payment of the Repurchase Price, cash in payment of such Repurchase Price.

Section 3.09. Repurchase of Securities at the Option of the Holder Upon a Fundamental Change. (a) If there shall have occurred a Fundamental Change (as defined below), a Holder's Securities shall be repurchased, in whole or in any part that is an integral multiple of $1,000, at the option of the Holder thereof, by the Company with cash equal to the Principal Amount of such Securities (the "Fundamental Change Repurchase Price"), together with accrued and unpaid interest, if any, on the date selected by the Company (the "Fundamental Change Repurchase Date") that is not less than 10 or more than 30 days after the Final Surrender Date (as defined below), subject to satisfaction by or on behalf of the Holder of the requirements set forth in Section 3.09(c).

A "Fundamental Change" shall be deemed to have occurred at such time as any of the following events shall occur:

(i) Any Person (for the purposes of this Section 3.09 only, the term "Person" shall include a "person" within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision to either of the foregoing) (other than the Company's existing controlling shareholder William Ding and his affiliates) has become the beneficial owner (as the term "Beneficial Owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of 50% or more of the total voting power in the aggregate of all classes or series (however designated) of Capital Stock of the Company then outstanding normally entitled to vote generally in elections of members of the board of directors of the Company (including any right to acquire voting shares that are not then outstanding of which such Person or group is deemed the Beneficial Owner); or

(ii) There shall be consummated any consolidation of the Company with, or merger of the Company into, another Person, or any merger of another Person into the Company, or any sale, or transfer of all or substantially all of the Company's assets to another Person, other than (a) a stock-for-stock merger, (b) a merger that does not result in any reclassification, conversion, exchange or cancellation of outstanding Ordinary Shares, (c) a merger that is effected solely to change the Company's jurisdiction of incorporation or (d) any consolidation with or merger of the Company into one of its wholly owned Subsidiaries, or any sale or transfer by the Company of all or substantially all its assets to one or more of its wholly owned Subsidiaries, in any one transaction or a series of transactions; provided, in any such case, the resulting corporation or each such Subsidiary assumes or guarantees the Company's obligations under the Securities;

provided, however, that a Fundamental Change shall not occur with respect to any such transaction if either (a) the Reference Price for any five Trading Days during the ten Trading Days immediately following the public announcement by the Company of such transaction is at least equal to 105% of the Conversion Price in effect on such Trading Day or (b) the consideration in such transaction to the holders of Ordinary Shares consists of cash, securities that are, or immediately upon issuance will be, listed on a national securities exchange or quoted on The Nasdaq National Market, or a combination of cash and such securities, and the aggregate fair market value of such consideration (which, in the case of such securities, shall be equal to the average of the last sale prices of such securities during the ten consecutive Trading Days commencing with the sixth Trading Day following consummation of the transaction) is at least

105% of the Conversion Price in effect on the date immediately preceding the closing date of such transaction.

(b) Unless the Company shall previously have called for the redemption of all the Securities, within 30 days after the occurrence of a Fundamental Change, (i) the Company shall deliver to the Trustee and mail (or cause the Trustee, at the Company's expense and using the text of such notice prepared by the Company, to mail) to each Holder a written notice (the "Fundamental Change Notice") of such Fundamental Change and (ii) the Company shall cause a copy of the Fundamental Change Notice to be published in a newspaper of general circulation in the Borough of Manhattan, The City of New York, which newspaper shall be The Wall Street Journal. The Fundamental Change Notice shall state:

(i) briefly, the events causing a Fundamental Change, and the date such Fundamental Change is deemed to have occurred for purposes of this Section 3.09;

(ii) the date by which the Fundamental Change Repurchase Notice (as defined below) pursuant to this Section 3.09 must be given;

(iii) the Final Surrender Date (as defined below);

(iv) the Fundamental Change Repurchase Price;

(v) the name and address of the Paying Agent and Conversion Agent and the offices or agencies referred to in Section 4.05;

(vi) the Conversion Price and any adjustments thereto;

(vii) that Securities as to which a Fundamental Change Repurchase Notice has been given may be converted into Ordinary Shares at any time prior to the Close of Business on the Business Day immediately preceding the Fundamental Change Repurchase Date only if the Fundamental Change Repurchase Notice has been withdrawn in accordance with the terms of this Indenture;

(viii) that Securities must be surrendered to the Paying Agent or any applicable office or agency referred to in Section 4.05 to collect payment;

(ix) that the Fundamental Change Repurchase Price for any Security as to which the Fundamental Change Repurchase Notice has been duly given and not withdrawn will be paid promptly following the Business Day following the Fundamental Change Repurchase Date;

(x) the procedures the Holder must follow to exercise rights under this Section 3.09 and a brief description of those rights;

(xi) briefly, the conversion rights of the Securities;

(xii) that Holders who want to convert Securities must satisfy the requirements set forth in paragraph 9 of the Securities; and

(xiii) the procedures for withdrawing a Fundamental Change Repurchase Notice.

(c) A Holder may exercise its rights specified in Section 3.09(a) upon delivery of a written notice of repurchase (a "Fundamental Change Repurchase Notice") to the Paying Agent or to any applicable office or agency referred to in Section 4.05 at any time prior to the Close of Business on the date (the "Final Surrender Date") that is, subject to any contrary requirements of applicable law, 60 days after the date of mailing of the Fundamental Change Notice, stating:

(i) the certificate numbers of the Holder's Securities to be delivered for repurchase, in the case of a Definitive Registered Note;

(ii) the portion of the Principal Amount of the Security which the Holder will deliver to be repurchased, which portion must be $1,000 or an integral multiple thereof; and

(iii) that such Security shall be repurchased on the date specified in Section 3.11 and pursuant to the terms and conditions specified in paragraph 6 of the Securities.

Receipt of the Security by the Paying Agent prior to or on the Final Surrender Date (together with all necessary endorsements), at the office of the Trustee or to any applicable office or agency referred to in Section 4.05 shall be a condition to the receipt by the Holder of the Fundamental Change Repurchase Price therefor; provided, however, that such Fundamental Change Repurchase Price shall be so paid pursuant to this Section 3.09 only if the Security so delivered to the Trustee or such office or agency shall conform in all material respects to the description thereof set forth in the related Fundamental Change Repurchase Notice.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent or any applicable office or agency referred to in Section 4.05 the Fundamental Change Repurchase Notice contemplated by this Section 3.09(c) shall have the right to withdraw such Fundamental Change Repurchase Notice until the Fundamental Change Repurchase Date by delivery of a written notice of withdrawal to the Paying Agent or such office or agency in accordance with Section 3.11. If a Holder of a Security has delivered a Fundamental Change Repurchase Notice, such Security may be converted only if the Fundamental Change Repurchase Notice is withdrawn. The submission of a Fundamental Change Repurchase Notice, together with such Securities pursuant to the exercise of a repurchase right, shall become irrevocable on the part of the Holder on the Fundamental Change Repurchase Date (unless the Company fails to repurchase the Securities on the Fundamental Change Repurchase Date) and the right to convert the Securities will expire at Close of Business on the Business Day immediately preceding the Fundamental Change Repurchase Date.

The Company shall repurchase from the Holder thereof, pursuant to this Section 3.09, a portion of a Security if the Principal Amount of such portion is $1,000 or an integral multiple of $1,000. Provisions of this Indenture that apply to the repurchase of all of a Security also apply to the repurchase of such portion of such Security.

Any repurchase by the Company contemplated pursuant to the provisions of this Section 3.09 shall be consummated by the delivery of the Fundamental Change Purchase Price, together with accrued and unpaid interest, if any, promptly following the Business Day following the Fundamental Change Repurchase Date.

If the Securities are represented by a Global Note, Holders may surrender a Security for repurchase by the Company by means of book entry delivery in accordance with the provisions set forth herein and the regulations of the applicable book entry facility. For the purposes of this Section 3.09, a Security shall be deemed to have been surrendered to the Paying Agent upon receipt by the Paying Agent of a copy of an irrevocable notice given by any book entry facility to the holder of the certificate corresponding to such Security instructing it to deliver such certificate to the Registrar for cancellation.

The Paying Agent shall promptly notify the Company of the receipt by it of any Fundamental Change Repurchase Notice or written withdrawal thereof.

Section 3.10. Repurchase At Option Of A Holder Upon A Delisting Event. (a) In the event that the ADSs are no longer listed or quoted for trading on The Nasdaq National Market or the Ordinary Shares or any security representing such Ordinary Shares are not listed or quoted for trading on a national securities exchange in the United States (the occurrence of such an event being referred to herein as a "Delisting Event"), each Holder of Securities shall have the right, at its option (the "Delisting Put Option"), to require the Company to repurchase all of its Securities, or any portion thereof that is an integral multiple of $1,000, on the date (the "Delisting Put Date") selected by the Company that is not less than 10 or more than 30 days after the Delisting Put Surrender Date (as defined below), at a price equal to 100% of the Principal Amount of the Securities (the "Delisting Put Price"), together with accrued and unpaid interest, if any, except in any case in which a Delisting Event occurs as a result of a Merger Event as described under Section 5.01 hereof and the Company redeems the Securities as described thereunder. For the avoidance of any doubt, no Holder shall be entitled to exercise its Delisting Put Option if the Company elects to exercise the Merger Redemption Obligation in case of a Merger Event as described under Section 5.01 hereof.

(b) Within 30 days after the occurrence of the Delisting Event, the Company shall deliver to the Trustee and mail to all Holders of record of the Securities a notice (the "Delisting Notice") describing, among other things, the occurrence of such Delisting Event and the repurchase right arising as a result thereof and specify the Delisting Put Surrender Date and the Delisting Put Date. The Company shall cause a copy of the Delisting Notice to be published in a newspaper of general circulation in the Borough of Manhattan, The City of New York, which newspaper shall be The Wall Street Journal. To exercise the repurchase right, a Holder must, on or before the date (the "Delisting Put Surrender Date") that is, subject to any contrary requirements of applicable law, 60 days after the mailing of the Delisting Notice, give a written notice (the "Delisting Put Notice") of the Holder's exercise of such right and surrender the Securities with respect to which the right is being exercised, duly endorsed for transfer to the Company, at any place where principal is payable on the Securities.

(c) Receipt of the Security by the Paying Agent prior to or on the Delisting Put Surrender Date (together with all necessary endorsements), at the office of the Trustee or to any

applicable office or agency referred to in Section 4.05 shall be a condition to the receipt by the Holder of the Delisting Put Price therefor; provided, however, that such Delisting Put Price shall be so paid pursuant to this Section 3.10 only if the Security so delivered to the Trustee or such office or agency shall conform in all material respects to the description thereof set forth in the related Delisting Put Notice.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent or any applicable office or agency referred to in Section 4.05 the Delisting Put Notice contemplated by this Section 3.10(c) shall have the right to withdraw such Delisting Put Notice until the Delisting Put Date by delivery of a written notice of withdrawal to the Paying Agent or such office or agency in accordance with Section 3.11. If a Holder of a Security has delivered a Delisting Put Notice, such Security may be converted only if the Delisting Put Notice is withdrawn. The submission of a Delisting Put Notice, together with such Securities pursuant to the exercise of a repurchase right, shall be irrevocable on the part of the Holder on the Delisting Put Date (unless the Company fails to repurchase the Securities on the Delisting Put Date) and the right to convert the Securities will expire at Close of Business on the Business Day immediately preceding the Delisting Put Date.

The Company shall repurchase from the Holder thereof, pursuant to this Section 3.10, a portion of a Security if the Principal Amount of such portion is $1,000 or an integral multiple of $1,000. Provisions of this Indenture that apply to the repurchase of all of a Security also apply to the repurchase of such portion of such Security.

Any repurchase by the Company contemplated pursuant to the provisions of this Section 3.10 shall be consummated by the delivery of the Delisting Put Price, together with accrued and unpaid interest, if any, promptly following the Business Day following the Delisting Put Date.

If the Securities are represented by a Global Note, Holders may surrender a Security for repurchase by the Company by means of book entry delivery in accordance with the provisions set forth herein and the regulations of the applicable book entry facility. For the purposes of this Section 3.10, a Security shall be deemed to have been surrendered to the Paying Agent upon receipt by the Paying Agent of a copy of an irrevocable notice given by any book entry facility to the holder of the certificate corresponding to such Security instructing it to deliver such certificate to the Registrar for cancellation.

The Paying Agent shall promptly notify the Company of the receipt by it of any Delisting Put Notice or written withdrawal thereof.

Section 3.11. Withdrawal of Notice or No Repurchase. (a) The Repurchase Notice, Fundamental Change Repurchase Notice or Delisting Put Notice, as the case may be, may be withdrawn by means of a written notice of withdrawal delivered to any office of the Paying Agent or to any applicable office or agency referred to in Section 4.05 at any time until Close of Business on the third Business Day immediately preceding the Repurchase Date, or until the Fundamental Change Repurchase Date or the Delisting Put Date, as the case may be, specifying:

(i) the certificate numbers of the Holder's Securities to be withdrawn, in the case of a Definitive Registered Note;

(ii) the portion of the Principal Amount of the Security with respect to which such notice of withdrawal is being submitted; and

(iii) the Principal Amount, if any, of such Security which remains subject to the original Repurchase Notice, Fundamental Change Repurchase Notice or Delisting Put Notice, as the case may be, and which has been or will be delivered for repurchase by the Company.

(b) There shall be no repurchase of any Securities pursuant to Sections 3.08, 3.09 or 3.10 if there has occurred (prior to, on or after, as the case may be, the giving, by the Holders of such Securities, of the required Repurchase Notice, Fundamental Change Repurchase Notice or Delisting Put Notice, as the case may be) and is continuing an Event of Default (other than a default in the payment of the Repurchase Price, Fundamental Change Repurchase Price or Delisting Put Price, as the case may be, together with accrued and unpaid interest, if any, with respect to such Securities).

(c) The Paying Agent will promptly return to the respective Holders thereof any Securities (x) with respect to which the Repurchase Notice, Fundamental Change Repurchase Notice or Delisting Put Notice, as the case may be, has been withdrawn in compliance with this Indenture, or (y) held by it during the continuance of an Event of Default (other than a default in the payment of the Repurchase Price, Fundamental Change Repurchase Price or Delisting Put Price, as the case may be, together with accrued and unpaid interest, if any, with respect to such Securities).

Section 3.12. Deposit of Repurchase Price, Fundamental Change Repurchase Price or Delisting Put Price. Promptly following the Repurchase Date, the Fundamental Change Repurchase Date or the Delisting Put Date, as the case may be, the Company shall deposit or cause to be deposited with the Trustee or with the Paying Agent (or, if the Company or a Subsidiary or an Affiliate of either of them is acting as Paying Agent, shall segregate and hold in trust as provided in Section 2.04) an amount of cash in immediately available funds, sufficient to pay the aggregate Repurchase Price, Fundamental Change Repurchase Price or Delisting Put Price, as the case may be, of all the Securities or portions thereof which are to be repurchased.

Section 3.13. Securities Repurchased in Part. Any Security which is to be repurchased only in part shall be surrendered at any office of the Paying Agent or any applicable office or agency referred to in Section 4.05 (with, if the Company or the Trustee so requires, due endorsement, or a written instrument of transfer in form satisfactory to the Company and the Trustee executed by the Holder or such Holder's attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, a new Security or Securities, of any authorized denomination as requested by such Holder in aggregate Principal Amount equal to, and in exchange for, the portion of the Principal Amount of the Security so surrendered which is not repurchased.

Holders may surrender a Security for repurchase in part by the Company by means of book entry delivery in accordance with the provisions set forth herein and the regulations of the applicable book entry facility. For the purposes of this Section 3.13, a Security shall be deemed to have been surrendered to the Paying Agent upon receipt by such Paying Agent of a copy of an

irrevocable notice given by any book entry facility to the holder of the certificate corresponding to such Security instructing it to deliver such certificate to the relevant Registrar for cancellation.

Section 3.14. Covenant to Comply With Securities Laws Upon Repurchase of Securities. In connection with any repurchase of Securities, the Company shall (i) comply with Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act, if applicable, (ii) file the related Schedule TO (or any successor schedule, form or report) or any other required schedule under the Exchange Act, if applicable, and (iii) otherwise comply with all U.S. Federal and state and other applicable securities laws and regulations, including any applicable securities laws outside the United States, regulating the offer and delivery of Ordinary Shares upon repurchase of the Securities (including positions of the SEC under applicable no-action letters) so as to permit the rights and obligations under Sections 3.08, 3.09 or 3.10 to be exercised in the time and in the manner specified in Sections 3.08, 3.09 or 3.10.

Section 3.15. Repayment to the Company. The Trustee and the Paying Agent shall return to the Company, upon request of the Company, any cash together with interest on such cash, if any, held by them for the payment of the Repurchase Price, Fundamental Change Repurchase Price or Delisting Put Price, as the case may be, of the Securities that remain unclaimed as provided in paragraph 13 of the Securities; provided, however, that to the extent that the aggregate amount of cash deposited by the Company pursuant to Section 3.12 exceeds the aggregate Repurchase Price, Fundamental Change Repurchase Price or Delisting Put Price, as the case may be, of the Securities or portions thereof to be repurchased, then promptly after the Repurchase Date, Fundamental Change Repurchase Date or Delisting Put Date, as the case may be, the Trustee shall return any such excess to the Company together with accrued and unpaid interest, if any, thereon.

Section 3.16. Failure by the Company to Redeem or Repurchase. The Company may not repurchase any Security at any time when the subordinated provisions of this Indenture otherwise would prohibit it from making such repurchase. If the Company fails to repurchase the Securities when required, including upon occurrence of a Repurchase Date, Fundamental Change or Delisting Event, such failure shall constitute an Event of Default (as defined below), whether or not repurchase is permitted by the subordination provisions of this Indenture.

ARTICLE 4
Covenants

Section 4.01. Payment of Securities. The Company shall promptly make all payments in respect of the Securities on the dates and in the manner provided in the Securities or pursuant to this Indenture. Any Payable Amount, together with accrued and unpaid interest, if any, shall be considered paid on the applicable date due if on such date the Trustee or the Paying Agent holds, in accordance with this Indenture, cash or securities, if expressly permitted hereunder, sufficient to pay all such amounts then due. Payment of any Payable Amount, together with accrued and unpaid interest, if any, on the Securities shall be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York at the Corporate Trust Office of the Trustee (which shall initially be The Bank of New York, 101 Barclay Street, Floor 21 West, New York, New York 10286, Attention: Global Trust Services) in

such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company, payment of interest amounts may be made by check mailed to the address of the Person entitled thereto as such address appears in the Register. The Trustee or Paying Agent shall not be obliged to pay any Holders until the Company has deposited such amounts of money provided in this Section 4.01 with the Trustee or the Paying Agent.

The Company shall, to the extent permitted by law, pay interest on overdue amounts at the per annum rate of interest set forth in paragraph 1 of the Securities, compounded semi-annually, which interest on overdue amounts (to the extent payment of such interest shall be legally enforceable) shall accrue from the date such overdue amounts were originally due and payable. The Company will pay any transfer taxes, stamp taxes, capital contributions or other similar taxes upon (i) issue of the Securities or (ii) delivery of the Ordinary Shares upon conversion of the Securities, except that a holder of the Securities will be required to pay any such tax which may be payable in respect of any transfer involved in the issue or delivery of the Ordinary Shares in a name other than such holder's name.

Section 4.02. SEC Reports. The Company shall file with the Trustee, within 15 days after it files such annual and quarterly reports, information, documents and other reports with the SEC, copies of its annual and quarterly reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act (or any such successor provisions thereto). In the event the Company is at any time no longer subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act (or any such successor provisions), it shall continue to provide the Trustee with reports containing substantially the same information as would have been required to be filed with the SEC had the Company continued to have been subject to such reporting requirements, and the Trustee shall make any such reports available to Securityholders upon request. In such event, such reports shall be provided at the times the Company would have been required to provide reports had it continued to have been subject to such reporting requirements. The Company also shall comply with the other provisions of TIA Section 314(a), to the extent such provisions are applicable.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Section 4.03. Compliance Certificate; Notice of Defaults. (a) The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company a certificate of any two Officers stating whether or not, to the knowledge of the signers, the Company has complied with all conditions and covenants on its part contained in this Indenture and, if the signers have obtained knowledge of any default by the Company in the performance, observance or fulfillment of any such condition or covenant, specifying each such default and the nature thereof. For the purpose of this Section 4.03, compliance shall be determined without regard to any grace period or requirement of notice provided pursuant to the terms of this Indenture.

(b) The Company shall file with the Trustee written notice of the occurrence of any Default or Event of Default within 30 Business Days of its becoming aware of such Default or Event of Default, its status and what action the Company is taking or proposes to take with respect thereto.

Section 4.04. Further Instruments and Acts. Upon request of the Trustee, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture.

Section 4.05. Maintenance of Office or Agency. The Company will maintain in the Borough of Manhattan, The City of New York, and such other locations as may be required by, or necessary under, the rules of any securities exchange or quotation system on which the Securities may from time to time be listed, an office or agency where Securities may be presented or surrendered for payment, where Securities may be surrendered for registration of transfer, exchange, repurchase, redemption or conversion and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The office of the Trustee in The City of New York, which office on the date hereof is located at The Bank of New York, 101 Barclay Street, Floor 21 West, New York, New York 10286, Attention: Global Trust Services, shall be such office or agency for the respective purposes described above, unless the Company shall maintain some other office or agency for such purposes and shall give prompt written notice to the Trustee of the location, and any change of location, of such other office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 12.02.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in The City of New York for the purposes described in the preceding paragraph.

Section 4.06. Additional Amounts. The Company will pay the holder of the Securities such amounts (the "Additional Amounts") or deliver additional Ordinary Shares, as the case may be, as may be necessary in order that every net payment of a Payable Amount, together with accrued and unpaid interest, if any, in respect of any Security by the Company, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the Cayman Islands, Hong Kong or the People's Republic of China or any political subdivision or taxing authority thereof or therein ("Taxes") will not be less than the amount provided for in such Security to be then due and payable; provided, however, that the foregoing obligation to pay Additional Amounts will not apply with respect to any Security presented for payment by, or on behalf of, a holder who is liable to such taxes or duties in respect of such Security by reason of his having some connection with the Cayman Islands, Hong Kong or the People's Republic of China or any political subdivision or any authority thereof or therein, other than the mere holding of such Security.

Whenever in this Indenture there is mentioned, in any context, the payment of any Payable Amount, in respect of, or interest on, any Security, such mention shall be deemed to

include mention of the payment of Additional Amounts provided for in this Section to the extent that, in such context, additional amounts are, were or would be payable in respect thereof pursuant to the provisions of this Section and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as excluding Additional Amounts in those provisions hereto where such express mention is not made.

At least 10 days prior to the first day on which payment of the Payable Amount in respect of any Security by the Company is made and at least 10 days prior to each date of such payment if there has been any change with respect to the matters set forth in the below-mentioned Officers' Certificate, the Company will furnish the Trustee and the Paying Agent, if other than the Trustee, with an Officers' Certificate instructing the Trustee and such Paying Agent whether such payment with respect to the Securities shall be made to Holders of Securities without withholding for or on account of any Taxes. If any such withholding shall be required, then such Officers' Certificate shall specify by country the amount if any, required to be withheld on such payments to such holders and the Company will pay to the Trustee or the Paying Agent the Additional Amounts required by this Section. The Company covenants to fully indemnify the Trustee and the Paying Agent for, and to hold them harmless against, any and all loss, liability or expense (including taxes other than taxes based on the income of the Trustee) incurred without gross negligence or willful misconduct on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any Officers' Certificate furnished pursuant to this Section.

Section 4.07. Rule 144 Information Requirement. The Company shall use its reasonable efforts to file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner and, if at any time it is not required to file such reports but in the past had been required to or did file such reports, it will, upon the request of any holder of the Securities, make available other information as required by, and so long as necessary to permit, sales of its Securities pursuant to Rules 144 and 144A under the Securities Act or, in each case, any similar rule or regulation hereafter adopted by the SEC as a replacement thereto having substantially the same effect as such rule. Notwithstanding the foregoing, nothing in this Section 4.07 shall be deemed to require the Company to register any of its securities pursuant to the Exchange Act.

Section 4.08. Registration Rights. The Holders shall have the benefit of the Registration Rights Agreement, dated July 8, 2003, between the Company and the Purchaser and, in the event of Registration Default (as defined therein), the Company shall pay to the Holders the Additional Interest, as defined and set forth therein.

ARTICLE 5
Successor Corporation

Section 5.01. When Company May Merge or Transfer Assets. The Company, in a single transaction or through a series of related transactions, may not consolidate with or merge with or into or transfer (by assignment, sale or otherwise) or lease its assets substantially as an entirety to any Person (a "Merger Event"), unless:

(a) (i) the Company is the surviving Person or the successor or transferee is a corporation organized and existing under the laws of the United States, any state thereof or the District of Columbia, or a corporation or comparable legal entity organized under the laws of a foreign jurisdiction and whose equity securities are listed on a national securities exchange in the United States or authorized for quotation on The Nasdaq National Market;

(ii) the successor shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, all of the obligations of the Company under the Securities and this Indenture;

(iii) after giving effect to such transaction, no Event of Default shall be continuing; and

(iv) the Company delivers to the Trustee an Officers' Certificate and Opinion of Counsel that the transaction and the supplemental indenture comply with this Indenture and that all conditions precedent in this Indenture related to the transaction have been complied with; or

(b) the Company redeems the Securities in whole for cash at the Merger Redemption Price (as defined below), together with accrued and unpaid interest, if any.

If a Merger Event occurs, and the Company has not met the criteria under (a) above, the Company shall have the obligation (the "Merger Redemption Obligation") to repurchase for cash all of the Securities on the date (the "Merger Redemption Date") selected by the Company that is not less than 10 or more than 30 days after the Merger Redemption Surrender Date (as defined below), at a price equal to the Merger Redemption Price, together with accrued and unpaid interest, if any.

If the Merger Redemption Obligation applies, the Company will within 30 days after the occurrence of a Merger Event deliver to the Trustee and mail (or cause the Trustee to mail at the Company's expense and using the text of such notice prepared by the Company) to all Holders of record of the Securities a notice (the "Merger Redemption Notice") describing, among other things, the occurrence of such Merger Event and its right to repurchase the Securities arising as a result thereof and specifying the Merger Redemption Surrender Date and the Merger Redemption Date. The Company shall cause a copy of the Merger Redemption Notice to be published in a newspaper of general circulation in the Borough of Manhattan, The City of New York, which newspaper shall be The Wall Street Journal. Each Holder must, on or before the date (the "Merger Redemption Surrender Date") that is, subject to any contrary requirements of applicable law, 60 days after the date of mailing of the Merger Redemption Notice, surrender the Securities (if such Securities are represented by a Global Note, by book-entry transfer to the Conversion Agent through the facilities of DTC) with respect to which the right is being exercised, duly endorsed for transfer to the Company, at any place where principal is payable on the Securities.

The term "Merger Redemption Price" shall mean, on any date of determination, the sum of (i) 10% of the Principal Amount of a Security plus (ii) the Trading Price of the Securities; provided however, that if the foregoing sum is less than the Principal Amount of a Security on

the determination date, then the Merger Redemption Price shall be the principal amount of a Security.

For purposes of the foregoing, the transfer (by assignment, sale or otherwise) or lease of the properties and assets of one or more Subsidiaries (other than to the Company or another wholly owned Subsidiary), which, if such assets were owned by the Company, would constitute all or substantially all of the properties and assets of the Company, shall be deemed to be the transfer of the assets, substantially as an entirety, of the Company.

The successor Person formed by such consolidation or into which the Company is merged or the successor Person to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor had been named as the Company herein; and thereafter, except in the case of (i) a lease of its properties and assets substantially as an entirety and (ii) obligations the Company may have under a supplemental indenture pursuant to Section 10.16, the Company shall be discharged and released from all obligations and covenants under this Indenture and the Securities. Subject to Section 9.05, the Trustee shall enter into a supplemental indenture to evidence the succession and substitution of such successor Person and such discharge and release of the Company.

ARTICLE 6
Defaults And Remedies

Section 6.01. Events of Default. An "Event of Default" occurs if:

(a) the Company defaults in the payment of any Payable Amount when the same becomes due and payable at its Stated Maturity, upon redemption, upon declaration, when due for repurchase by the Company or otherwise, whether or not such payment shall be prohibited by this Indenture;

(b) the Company defaults in the payment of accrued and unpaid interest, if any, on any Security which continues for 30 days or more after such a payment is due, whether or not prohibited by this Indenture;

(c) the Company fails to comply with any of its agreements in this Indenture (other than those referred to in clauses (a) and (b) above) and such failure continues for 60 days after receipt by the Company of a Notice of Default (as defined below);

(d) the Company fails to make any payment in accordance with the terms hereof when such payment is required to be made, in respect of any mortgage (including any pledge, lien, deed of trust, security interest or other similar encumbrance), indenture, or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any Consolidated Subsidiary, whether such Indebtedness now exists or shall hereafter be created, in an aggregate principal amount exceeding $10 million and such failure is not remedied for a period of 10 days;

(e) a default shall occur under any mortgage (including any pledge, lien, deed of trust, security interest or other similar encumbrance), indenture, or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any Consolidated Subsidiary, whether such Indebtedness now exists or shall hereafter be created, which default shall have resulted in such Indebtedness, in an aggregate principal amount exceeding $10 million becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such Indebtedness having been discharged, such acceleration having been rescinded or annulled or there having been deposited in trust a sum of money sufficient to discharge in full such Indebtedness within a period of 20 days after there shall have been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in Principal Amount of the Securities, a written notice specifying such default and requiring the Company to cause such Indebtedness to be discharged, to cause such acceleration to be rescinded or annulled or to cause there to be deposited in trust a sum sufficient to discharge in full such Indebtedness and stating that such notice is a Notice of Default (as defined below) hereunder;

(f) the Company pursuant to or within the meaning of any Bankruptcy Law:

(i) commences a voluntary case or proceeding;

(ii) consents to the entry of an order for relief against it in an involuntary case or proceeding or the commencement of any case against it;

(iii) consents to the appointment of a Custodian of it or for any substantial part of its property;

(iv) makes a general assignment for the benefit of its creditors;

(v) files a petition in bankruptcy or answer or consent seeking reorganization or relief; or

(vi) consents to the filing of such petition or the appointment of or taking possession by a Custodian; or

(g) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against the Company in an involuntary case or proceeding, or adjudicates the Company insolvent or bankrupt;

(ii) appoints a Custodian of the Company or for any substantial part of its property; or

(iii) orders the winding up or liquidation of the Company;

and the order or decree remains unstayed and in effect for 60 days;

"Bankruptcy Law" means any applicable bankruptcy law, insolvency law, or any similar law for the relief of debtors, of the Cayman Islands or any successor jurisdiction in which the Company (or any successor) is incorporated.

"Custodian" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

A Default under clause (c) above is not an Event of Default until the Trustee, pursuant to Section 7.05 notifies the Company, or the Holders of at least 25% in aggregate Principal Amount of the Securities at the time outstanding notify the Company and the Trustee, of the Default and the Company does not cure such Default within the time specified in clause (c) above after receipt of such notice. Any such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default."

Section 6.02. Acceleration. If an Event of Default occurs and is continuing, either the Trustee by notice to the Company, or the Holders of at least 25% in aggregate Principal Amount of the Securities at the time outstanding by notice to the Company and the Trustee, may declare the Principal Amount, together with accrued and unpaid interest, if any, to the date of declaration on all the Securities to be immediately due and payable, whereupon such Principal Amount, together with accrued and unpaid interest, if any, shall be due and payable immediately; provided that, if an Event of Default specified in clauses (f) or (g) to Section 6.01 occurs and is continuing, the Principal Amount, together with accrued and unpaid interest, if any, on all the Securities to the date of the occurrence of such Event of Default shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Securityholders. The Holders of a majority in aggregate Principal Amount of the Securities at the time outstanding, by notice to the Trustee (and without notice to any other Securityholder) may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of the Principal Amount, together with accrued and unpaid interest, if any, that have become due solely as a result of acceleration and if all amounts due to the Trustee under Section 7.07 have been paid. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

Section 6.03. Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of the Principal Amount, together with accrued and unpaid interest, if any, on the Securities or to enforce the performance of any provision of the Securities or this Indenture.

The Trustee may maintain a proceeding even if the Trustee does not possess any of the Securities or does not produce any of the Securities in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of, or acquiescence in, the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 6.04. Waiver of Past Defaults. The Holders of not less than a majority in aggregate Principal Amount of the Securities at the time outstanding, by notice to the Trustee

(and without notice to any other Securityholder), may waive an existing Default and its consequences except (a) an Event of Default described in Section 6.01(a), (b) a Default in respect of a provision that under Section 9.02 cannot be amended without the consent of each Securityholder affected or (c) a Default under Article 10. When a Default is waived, it is deemed cured and shall cease to exist, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

Section 6.05. Control by Majority. The Holders of a majority in aggregate Principal Amount of the Securities at the time outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines in good faith is unduly prejudicial to the rights of other Securityholders or would involve the Trustee in personal liability unless the Trustee shall have been provided with security or indemnity against such liability satisfactory to the Trustee.

Section 6.06. Limitation on Suit. A Securityholder may not pursue any remedy with respect to this Indenture or the Securities unless:

(a) the Holder gives to the Trustee written notice stating that an Event of Default is continuing;

(b) the Holders of at least 25% in aggregate Principal Amount of the Securities at the time outstanding make a written request to the Trustee to pursue the remedy;

(c) such Holder or Holders offer to the Trustee security or indemnity against any loss, liability or expense satisfactory to the Trustee;

(d) the Trustee does not comply with the request within 60 days after receipt of the notice, the request and the offer of security or indemnity; and

(e) the Holders of a majority in aggregate Principal Amount of the Securities at the time outstanding do not give the Trustee a direction inconsistent with the request during such 60-day period.

A Securityholder may not use this Indenture to prejudice the rights of any other Securityholder or to obtain a preference or priority over any other Securityholder.

Section 6.07. Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of a Payable Amount, together with accrued and unpaid interest, if any, in respect of the Securities held by such Holder, on or after the respective due dates expressed in the Securities or any Redemption Date, and to convert the Securities in accordance with Article 10 or to bring suit for the enforcement of any such payment on or after such respective dates or the right to convert, shall not be impaired or affected adversely without the consent of each such Holder.

Section 6.08. Collection Suit by Trustee. If an Event of Default described in Section 6.01(a) occurs and is continuing, the Trustee may recover judgment in its own name and as

trustee of an express trust against the Company for the whole amount of a Payable Amount, together with accrued and unpaid interest, if any, owing with respect to the Securities and the amounts provided for in Section 7.06.

Section 6.09. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether a Payable Amount, together with accrued and unpaid interest, if any, in respect of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of any such amount) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of any Payable Amount, together with accrued and unpaid interest, if any, owing and unpaid on the Securities, as applicable, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any Custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10. Priorities. If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

FIRST: to the Trustee for amounts due under Section 7.07;

SECOND: to Securityholders for amounts due and unpaid on the Securities for any Payable Amount, together with accrued and unpaid interest, if any, ratably, without preference or priority of any kind, according to such amounts due and payable on the Securities; and

THIRD: the balance, if any, to the Company.

The Trustee may fix a record date and payment date for any payment to Securityholders pursuant to this Section 6.10. At least 15 days before such record date, the Company shall mail to each Securityholder and the Trustee a notice that states the record date, the payment date and amount to be paid.

Section 6.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant (other than the Trustee) in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess costs, including attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit initiated by the Trustee, a suit by a Holder pursuant to Section 6.06 or a suit by Holders of more than 10% in aggregate Principal Amount of the Securities at the time outstanding.

Section 6.12. Waiver of Stay, Extension or Usury Laws. The Company covenants (to the extent it may lawfully do so) that it shall not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury or other law, wherever enacted, now or at any time hereafter in force, that would prohibit or forgive the Company from paying all or any portion of any Payable Amount, or any interest on any such amount, as contemplated herein, or that may affect the covenants or the performance of this Indenture or the Securities; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7
Trustee

Section 7.01. Duties of Trustee. (a) If to the knowledge of the Trustee an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee need perform only those duties that are specifically set forth in this Indenture and no others; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture, but need not verify the accuracy of the contents thereof.

(c) The Trustee may not be relieved from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer of the Trustee unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section.

(e) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law and need not be invested except as agreed to by the Trustee.

Section 7.02. Rights of Trustee. Subject to Section 7.01:

(a) the Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document;

(b) before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel.

(c) the Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care;

(d) the Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or power;

(e) the Trustee may consult with counsel reasonably acceptable to the Trustee, which may be counsel to the Company, and the advice of such counsel as to matters of law shall be full and complete authorization and protection in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel;

(f) the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Company under this Indenture; but the Trustee may require of the Company full information and advice as to the performance of the covenants, conditions and agreements aforesaid; and

(g) the Trustee shall not be required to give any bond or surety in respect of the execution of its trusts and powers or in respect of this Indenture.

Section 7.03. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or an Affiliate with the same rights the Trustee would have if it were not Trustee. Any Agent may do the same with like rights.

Section 7.04. Trustee's Disclaimer. The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities, shall not be accountable for the Company's use of the proceeds from the sale of the Securities or the use or application of any money received by any Paying Agent other than the Trustee, and shall not be responsible for any statement in the Securities other than the Trustee's certification of authentication.

Section 7.05. Notice of Defaults. If a Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to each Securityholder, at the name and address that appear in the Securities Register, a notice of the Default within 90 days after the Default occurs. Except in the case of a Default in payment of the principal of or premium, if any, or interest on any Security, the Trustee may withhold the notice if and so long as its board of directors, the executive committee, or a trustee committee of its directors and/or responsible officers in good faith determines that withholding the notice is in the interests of Securityholders. The Trustee shall not be deemed to have notice of any Default or Event of Default other than as described in clauses (a) or (b) of Section 6.01 unless it shall have received written notice thereof from the Company or any Securityholder, or a Trust Officer has actual knowledge thereof. The foregoing sentence of this Section 7.05 shall be in lieu of the proviso to TIA Section 315(b), and such proviso to TIA Section 315(b) is hereby expressly excluded from this Indenture and Section, as permitted by the TIA.

Section 7.06. Reports by Trustee to Holders. If required by TIA Section 313(a), within 60 days after each June 1 beginning with the June 1 following the date of this Indenture, the Trustee shall mail to each Securityholder a report dated as of such April 1 that complies with TIA Section 313(a). The Trustee also shall comply with TIA Section 313(b), (c) and (d).

A copy of each such report at the time of its mailing to Securityholders shall also be mailed to the Company and shall be filed with the SEC and each stock exchange, if any, on which the Securities are listed.

The Company shall promptly notify the Trustee in writing if the Securities become listed on any stock exchange or of any delisting thereof.

Section 7.07. Compensation and Indemnity. The Company shall from time to time pay to the Trustee compensation for its services. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the

Trustee, within 45 days after receiving request therefor, for all out-of-pocket disbursements, fees and expenses incurred by the Trustee in connection with the performance of its duties under this Indenture, including without limitation those incurred in connection with the enforcement of any remedy hereunder or the interpretation of any provision hereunder. Such expenses may include the compensation and out-of-pocket expenses of the Trustee's agents and counsel. All rights, protections and benefits of the Trustee shall extend to the Trustee acting as Conversion Agent, Paying Agent, Registrar or other Agent with respect thereto.

The Company shall indemnify the Trustee for, and hold it harmless against, any loss or liability incurred by it in connection with this Indenture. The Trustee shall promptly notify the Company of any claim for which the Trustee may seek indemnity, including costs and expenses of defending itself against any claim for liability arising from the exercise or performance of any of its powers or duties hereunder.

The Company need not reimburse any expenses or indemnify against any loss or liability incurred by the Trustee through its gross negligence or bad faith.

To secure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee, except that held in trust to pay principal of, premium, if any, and interest on particular Securities.

When the Trustee incurs expenses or renders services after an Event of Default specified in clauses (f) or (g) to Section 6.01 occurs, the expenses and the compensation for such services are intended to constitute expenses of administration under any Bankruptcy Law.

Notwithstanding any provision hereof to the contrary, the Trustee's lien shall not be subordinated to that of Senior Indebtedness.

Section 7.08. Replacement of Trustee. A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign by so notifying the Company. The Holders of a majority in principal amount of the Securities may remove the Trustee by so notifying the Trustee and the Company. The Company may remove the Trustee if:

(a) the Trustee fails to comply with Section 7.10;

(b) the Trustee is adjudged a bankrupt or an insolvent;

(c) a receiver or other public officer takes charge of the Trustee or its property; or

(d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the Securities may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of at least 10% in principal amount of the Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Securityholder or beneficial owner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee (subject to the lien provided for in Section 7.07), the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Securityholders.

Section 7.09. Successor Trustee, Agents by Merger, Etc. If the Trustee or any Agent consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee or Agent, as the case may be.

Section 7.10. Eligibility; Disqualification. This Indenture shall always have a Trustee who satisfies the requirement of TIA Sections 310(a)(1) and 310(a)(5). The Trustee (or in the case of a corporation included in a bank holding company system, the related bank holding company) shall have a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition. In addition, if the Trustee is a corporation included in a bank holding company system, the Trustee, independently of such bank holding company, shall meet the capital requirements of TIA Section 310(a)(2). The Trustee shall comply with TIA Section 310(b).

Section 7.11. Preferential Collection of Claims Against Company. The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE 8
Discharge Of Indenture

Section 8.01. Discharge of Liability on Securities. (a) When (i) the Company delivers to the Trustee all outstanding Securities (other than Securities replaced pursuant to Section 2.06) for cancellation or (ii) all outstanding Securities have become due and payable and the Company deposits with the Trustee cash or, if expressly permitted by the terms hereof, securities sufficient to pay at Stated Maturity the Principal Amount of all outstanding Securities (other than Securities replaced pursuant to Section 2.06), and if in either case the Company pays all other sums payable hereunder by the Company, then this Indenture shall, subject to Section 7.07, cease to be of further effect. The Trustee shall join in the execution of a document prepared by the

Company acknowledging satisfaction and discharge of this Indenture on demand of the Company accompanied by an Officers' Certificate and Opinion of Counsel and at the cost and expense of the Company.

(b) At any time within one year before the Stated Maturity or the redemption of all the Securities, the Company may terminate its substantive obligations hereunder, other than its obligations to pay the principal of, together with accrued and unpaid interest, if any, on the Securities, by depositing with the Trustee money or U.S. Government obligations sufficient to pay all remaining Indebtedness on the Securities when due.

Section 8.02. Repayment to the Company. The Trustee and the Paying Agent (if other than the Trustee) shall return to the Company, upon request of the Company, any money or securities held by them for the payment of any amount with respect to the Securities that remains unclaimed for two years; provided, however, that the Trustee or such Paying Agent (if other than the Trustee), before being required to make any such return, may, at the expense of the Company, cause to be published once in The Wall Street Journal or another daily newspaper of national circulation or mail to each such Holder notice that such money or securities remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication or mailing, any unclaimed money or securities then remaining will be returned to the Company. After return to the Company, Holders entitled to the money or securities must look to the Company for payment as general creditors unless an applicable abandoned property law designates another Person, and the Trustee and the Paying Agent (if other than the Trustee) shall have no further liability with respect to such money or securities for that period commencing after the return thereof.

Section 8.03. Application Of Trust Money. Subject to the provisions of Section 8.02, the Trustee or a Paying Agent shall hold in trust, for the benefit of the Holders, all money deposited with it by the Company and shall apply the deposited money in accordance with this Indenture and the Securities to the payment of the principal of and interest on the Securities. Money so held in trust shall not be subject to the subordination provisions of Article 11.

Section 8.04. Reinstatement. If the Trustee or any Paying Agent is unable to apply any money in accordance with Section 8.03 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred until such time as the Trustee or such Paying Agent is permitted to apply all such money in accordance with Section 8.03; provided, however, that if the Company has made any payment of the principal of or interest on any Securities because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive any such payment from the money held by the Trustee or such Paying Agent.

ARTICLE 9
Amendments

Section 9.01. Without Consent of Holders. The Company and the Trustee may amend this Indenture or the Securities without the consent of any Securityholder:

(a) to cure any ambiguity, omission, defect or inconsistency; provided, however, that such amendment does not materially adversely affect the rights of any Securityholder;

(b) to comply with Article 5 or Section 10.16; and

(c) to make any change that does not materially adversely affect the rights of any Securityholder.

Section 9.02. With Consent of Holders. With the written consent of the Holders of at least a majority in aggregate Principal Amount of the Securities at the time outstanding, the Company and the Trustee may amend this Indenture or the Securities. However, without the consent of each Securityholder affected, an amendment or supplement to this Indenture or the Securities may not:

(a) make any reduction in the Principal Amount of Securities whose Holders must consent to an amendment or supplement to this Indenture or waive defaults or compliance;

(b) reduce the Principal Amount, Redemption Price or Repurchase Price of, or interest, if any, or change the Stated Maturity, or premium, if any, of any Security;

(c) make the Principal Amount of, or interest, if any, or any Security payable in money or securities other than that stated in the Security;

(d) make any change in Section 6.04 or this Article 9, except to increase any percentage referred to therein, or make any change in Section 6.07;

(e) make any change that materially adversely affects the right to convert any Security (including the right to receive cash in lieu of Ordinary Shares);

(f) make any change that materially adversely affects the right to require the Company to repurchase the Securities in accordance with the terms thereof and this Indenture (including the right to receive cash if the Company has elected to pay cash upon such repurchase);

(g) modify the provisions of this Indenture relating to the ranking of the Securities in a manner materially adverse to the Holders of the Securities; or

(h) impair the right to institute suit for the enforcement of any payment on or with respect to any Security.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

After an amendment under this Section 9.02 becomes effective, the Company shall mail to each Holder a notice briefly describing the amendment.

Section 9.03. Revocation and Effect of Consent, Waivers and Actions. Until an amendment or waiver becomes effective, a consent to it or any other action by a Holder of a Security hereunder is a continuing consent by the Holder and every subsequent Holder of that Security or portion of the Security that evidences the same obligation as the consenting Holder's Security, even if notation of the consent, waiver or action is not made on the Security. However, any such Holder or subsequent Holder may revoke the consent, waiver or action as to such Holder's Security or portion of the Security if the Trustee receives the notice of revocation before the date the amendment, waiver or action becomes effective. After an amendment, waiver or action becomes effective, it shall bind every Securityholder, except as provided in Section 9.02.

Section 9.04. Notation on or Exchange of Securities. Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for outstanding Securities.

Section 9.05. Trustee to Sign Supplemental Indentures. The Trustee shall sign any supplemental indenture authorized pursuant to this Article 9 if the amendment does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing such amendment the Trustee shall be entitled to receive, and (subject to the provisions of Section 7.01) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that such amendment is authorized or permitted by this Indenture.

Section 9.06. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

ARTICLE 10
Conversion

Section 10.01. Conversion Privilege. A Holder of a Security may convert such Security into Ordinary Shares at any time during the period stated herein. The conversion price (the "Conversion Price") is $0.4815 per Ordinary Shares, subject to adjustment in certain events as herein set forth. The number of Ordinary Shares to be delivered upon conversion of such Security will be determined by dividing the principal amount of such Security (or any portion hereof which is a multiple of $1,000) by the Conversion Price.

Ordinary Shares issued upon conversion of Securities may not be deposited with the ADS Depositary in exchange for ADSs unless: (i) the Ordinary Shares have been resold in a transaction that is effectively registered under the resale registration statement described in the Registration Rights Agreement; (ii) the Ordinary Shares have been resold in a transaction which complies with Rule 144 under the Securities Act; or (iii) the exemption provided by Rule 144(k) under the Securities Act is available and the Company has removed the transfer restriction legend from the share certificate at the Holder's request. Holders of such Ordinary Shares may be required by the Depositary to provide evidence satisfactory to the Depositary that the conditions specified in clauses (i), (ii) or (iii) of the preceding sentence have been satisfied.

A Holder may convert a portion of the Principal Amount of a Security if the portion is $1,000 or an integral multiple of $1,000. Provisions of this Indenture that apply to conversion of all of a Security also apply to conversion of a portion of a Security.

Section 10.02. Conversion Conditions. A Holder may only surrender its Securities for conversion in the four circumstances set out below:

(a) Conversion Upon Satisfaction of Ordinary Share Price Condition

A Holder may surrender its Securities for conversion into Ordinary Shares prior to the Close of Business on the Stated Maturity, in any quarter commencing after September 30, 2003, if the average of the Reference Prices (as defined below) of the Ordinary Shares, for the last five consecutive Trading Days of the immediately preceding fiscal quarter, exceeds 115% of the Conversion Price in effect on the last Trading Day of the preceding fiscal quarter.

The Company shall determine at the end of each fiscal quarter whether the Securities are convertible as the result of the satisfaction of this condition and shall promptly notify the Trustee and Conversion Agent (if other than the Trustee) accordingly. The Trustee shall, in turn, notify the Holders in each quarter as to the satisfaction of this condition.

The "Reference Price" of an Ordinary Share on any date of determination means a dollar amount derived by dividing the ADS Sale Price on that date by the then applicable number of the Ordinary Shares represented by one ADS.

"ADS Sale Price" means the closing sale price per ADS (or Ordinary Share, if applicable) as reported in composite transactions for the principal United States securities exchange on which the ADS (or Ordinary Share, if applicable) is traded or, if the ADS (or Ordinary Share, if applicable) is not listed on a United States national or regional stock exchange, as reported by The Nasdaq National Market; or, if the ADS (or Ordinary Share, if applicable) is not listed or admitted to trading on any United States national or regional stock exchange or quoted on The Nasdaq National Market, the average of the closing bid and ask prices in the over-the-counter market as furnished by any New York Stock Exchange member firm selected from time to time by the Company for that purpose.

(b) Conversion Upon Notice of Redemption

A Holder may surrender for conversion a Security called for redemption at any time prior to the Close of Business on the second Business Day prior to the Redemption Date or Merger Redemption Date, unless the Company defaults in making payment due upon redemption.

(c) Conversion Upon Satisfaction of Trading Price Condition

If, after any five consecutive Trading Day period in which the average of the Trading Prices (defined below) for the Securities for such five Trading Day period is less than 100% of the average of the Conversion Values (as defined below) for the Securities during that period, a Holder may surrender Securities for conversion at any time during the following 10 Trading Days; provided, however, that no Securities may be converted based on the satisfaction of this condition during the six month period immediately preceding each specified date on which a Holder may require the Company to repurchase its Securities (for example, with respect to the July 15, 2006 put date for the Securities, the Securities may not be converted from January 15, 2006 to July 15, 2006), if on any day during such five consecutive Trading Day period, the Reference Price of the Ordinary Shares is between the Conversion Price and 115% of the Conversion Price.

The "Trading Price" means, with respect of the Securities, on any date of determination, the average of the secondary market bid quotations per $1,000 principal amount of Securities received by the Conversion Agent for $5,000,000 principal amount of Securities at approximately 3:30 pm, The City of New York time, on such determination date from three independent nationally recognized securities dealers the Company selects, provided that if at least three such bids are not received by the Conversion Agent, but two such bids are received, then the average of the two bids shall be used, and if only one such bid is received by the Conversion Agent, this one bid shall be used. If the Conversion Agent cannot reasonably obtain at least one bid for $5,000,000 principal amount of the Securities from a nationally recognized securities dealer or in the Company's reasonable judgment, the bid quotations are not indicative of the secondary market value of the Securities, then the Trading Price of the Securities on such day will be determined in good faith by the Company taking into account in such determination such factors as it, in its sole discretion, deems appropriate.

In connection with any conversion upon satisfaction of the trading price condition described above, the Conversion Agent shall have no obligation to determine the Trading Price of the Securities; and the Company shall have no obligation to make such determination unless a Holder provides the Company with reasonable evidence that the Trading Price of the Securities is less than 100% of the product of the Reference Price of the Ordinary Shares and the number of Ordinary Shares issuable upon conversion of $1,000 Principal Amount of the Securities. At such time, the Company shall select and instruct the independent nationally recognized securities dealers to provide Conversion Agent with the bid quotations as provided above.

The "Conversion Value" of a Security means the product of the Reference Price of the Ordinary Shares on any date of determination multiplied by the number of Ordinary Shares into which the Security is convertible.

(d) Conversion Rights Upon Occurrence of Specific Corporate Transactions

If the Company elects to:

- distribute to all Holders of the Ordinary Shares any rights, warrants or options entitling them to substitute for or repurchase, for a period expiring within 60 days of the date of such distribution, the Ordinary Shares at less than the then current Reference Price; or

- distribute to all Holders of the Ordinary Shares, any assets, debt securities or certain rights to repurchase the Company's securities, which distribution has a per share value exceeding 10% of the Reference Price of the Ordinary Shares on the day preceding the declaration date for such distribution;

Holders may convert their Securities, unless such Holders may participate in the transaction on a basis and with notice that the Board determines to be fair and reasonable. The Company shall notify the Holders at least 20 days prior to the ex-dividend date for such distribution. Once the Company has given such notice, a Holder may surrender its Securities for conversion at any time until the earlier of the Close of Business on the Business Day prior to the ex-dividend date or any announcement by the Company that such distribution will not take place. This provision shall not apply if the Holder otherwise participates in the distribution without conversion.

In addition, if the Company is party to a consolidation, merger, share exchange, sale of all or substantially all of its assets or other similar transaction, in each case pursuant to which the Ordinary Shares would be converted into cash, securities or other property, the Company shall notify the Holders at least 15 Business Days prior to the anticipated effective date of the transaction. A Holder may surrender its Securities for conversion for the Ordinary Shares at any time from and after the date that is 15 Business Days prior to the anticipated effective date of the transaction until and including the date which is two Business Days before the actual date of such transaction. If the Company is party to a consolidation, merger, share exchange, sale of all or substantially all of its assets or other similar transaction, in each case pursuant to which the Ordinary Shares would be converted into cash, securities or other property, then at the effective time of the transaction, a Holder's right to convert its Securities into Ordinary Shares will be changed into a right to convert such Securities into the kind and amount of cash, securities or other property that such Holder would have received if such Holder had converted such Securities immediately prior to the transaction. If the transaction also constitutes a Fundamental Change, such Holder may require the Company to repurchase all or a portion of its Securities as described under Section 3.09. If the transaction also constitutes a Merger Event, the Company may be required to redeem all of the Securities as described under Section 5.01.

Section 10.03. Conversion Procedure. To convert a Security, a Holder must (i) if such Security is represented by the Global Note, surrender the Security to the Conversion Agent by book entry delivery (through the facilities of DTC), or (ii) if such Security is represented by a Definitive Registered Note, deliver such Security at the office of the Conversion Agent; in either of cases (i) or (ii) above, accompanied by a duly signed and completed notice of conversion, appropriate endorsements and transfer documents if required by the Conversion Agent. Book entry delivery of a Security to the Conversion Agent may be made by any financial institution that is a participant in such book entry facility; conversion through such book entry facility's book entry conversion program is available for any security that is held in an account maintained

at such book entry facility by any such participant. The "Conversion Date" shall be the date on which the Security and all of the items required for conversion shall have been delivered and the requirements for conversion have been met. The Company shall deliver to the Holder no later than the seventh Business Day following the Conversion Date a certificate for the number of full Ordinary Shares issuable upon the conversion and cash in lieu of any fractional share determined pursuant to Section 10.04.

The Person in whose name the certificate is registered shall be treated as a stockholder of record on and after the Conversion Date; provided, however, that no surrender of a Security on any date when the stock transfer books of the Company shall be closed shall be effective to constitute the Person or Persons entitled to receive the Ordinary Shares upon such conversion as the record holder or holders of such Ordinary Shares on such date, but such surrender shall be effective to constitute the Person or Persons entitled to receive such Ordinary Shares as the record holder or holders thereof for all purposes at the Close of Business on the next succeeding day on which such stock transfer books are open; provided, further, that such conversion shall be at the Conversion Price in effect on the date that such Security shall have been surrendered for conversion, as if the stock transfer books of the Company had not been closed. Upon conversion of a Security, such Person shall no longer be a Holder of such Security.

Holders may surrender a Security for conversion by means of book entry delivery in accordance with the provisions hereof and the regulations of the applicable book entry facility. Upon conversion of a Security, the Company shall on the Conversion Date redeem any Security delivered for conversion at the Redemption Price and the Company shall pay such redemption monies into an account in the name of the Trustee (on behalf of the relevant Holder). When the redemption monies are paid into such an account in the name of the Trustee, the Trustee shall, on behalf of the relevant Holder, immediately transfer such redemption monies to the Company in exchange for the Ordinary Shares deliverable upon conversion to the relevant Holder. Such Holder shall be deemed to have consented to such transfer.

If the Holder converts more than one Security at the same time, the number of Ordinary Shares issuable upon the conversion shall be computed based on the total Principal Amount of the Securities converted.

If a Holder has submitted its Securities for repurchase in connection with a Repurchase Date, or upon a Fundamental Change or Delisting Event, it may convert its Securities only if it withdraws its Repurchase Notice, Fundamental Change Repurchase Notice or Delisting Put Notice, as the case may be, prior to the Repurchase Date, Fundamental Change Repurchase Date or Delisting Put Surrender Date, as the case may be, and one of the conditions set forth in clauses (a), (b), (c) or (d) of Section 10.02 is applicable. If the Securities are subject to repurchase in connection with a Repurchase Date, or following a Fundamental Change or Delisting Event, conversion rights with respect to the Securities subject to repurchase will expire at Close of Business on the Business Day immediately preceding the Repurchase Date, Fundamental Change Repurchase Date or Delisting Put Date, as the case may be.

Upon surrender of a Security that is converted in part, the Company shall execute, and the Trustee shall authenticate and deliver to the Holder, a new Security in an authorized denomination equal in Principal Amount to the unconverted portion of the Security surrendered.

If the last day on which a Security may be converted is a Legal Holiday (as defined below) in a place where any Conversion Agent is located, the Security may be surrendered to such Conversion Agent on the next succeeding day that is not a Legal Holiday.

Upon conversion, the Company shall satisfy all of its obligations (in the aggregate, the "Conversion Obligation") by delivering to converting Holders (1) Ordinary Shares, (2) cash, or (3) a combination of cash and Ordinary Shares, as follows:

(a) Share Settlements. If the Company elects to satisfy the entire Conversion Obligation in Ordinary Shares, then it may deliver to converting Holders a number of Ordinary Shares equal to the aggregate Principal Amount of the Securities to be converted divided by the Conversion Price then in effect.

(b) Cash Settlement. If the Company elects to satisfy the entire Conversion Obligation in cash, then it shall deliver to converting Holders cash in an amount equal to the product of (i) a number equal to the aggregate Principal Amount of Securities to be converted by any such Holder divided by the Conversion Price then in effect, and (ii) the average of the Reference Price of Ordinary Shares on each Trading Day during the Applicable Cash Settlement Averaging Period (as defined below).

(c) Combined Settlement. If the Company elects to satisfy a portion of the Conversion Obligation in cash (the "Partial Cash Amount") and a portion in its Ordinary Shares, then it shall deliver to converting Holders such Partial Cash Amount plus a number of Ordinary Shares equal to (i) the cash settlement amount as set forth in clause (b) above minus such Partial Cash Amount divided by (ii) the average of the Reference Price of Ordinary Shares on each Trading Day during the Applicable Cash Settlement Averaging Period.

If the Company chooses to satisfy the Conversion Obligation by share settlement, then settlement in shares will be made on or prior to the fifth Trading Day following its receipt of a notice of conversion.

If the Company chooses to satisfy the Conversion Obligation by cash settlement or combined settlement, then it will notify holders, through the Trustee, of the dollar amount to be satisfied in cash at any time on or before the date that is three Business Days following its receipt of a converting Holder's notice of conversion (the "Settlement Notice Period"). Share settlement will apply automatically if the Company does not notify Holders that it has chosen another settlement method.

If the Company timely elects cash settlement or combined settlement, then Holders may retract their conversion notice at any time during the two Business Day period beginning on the day after the Settlement Notice Period (the "Conversion Retraction Period"). Holders cannot retract conversion notices (and conversion notice therefore will be irrevocable) if the Company elects share settlement. If a Holder has not retracted its conversion notice, then cash settlement or combined settlement will occur on the first Trading Day following the Applicable Cash Settlement Averaging Period. The "Applicable Cash Settlement Averaging Period" is the five Trading Day period beginning on the first Trading Day following the end of the Conversion Retraction Period.

No payment or adjustment will be made for dividends on the Ordinary Shares, other than payment of cash for fractional shares, and except as provided in this Indenture.

No Holder of Securities will be entitled, upon conversion of the Securities, to any actual payment or adjustment on account of accrued and unpaid interest, if any, or on account of dividends on shares issued in connection with the conversion. If any Holder surrenders a Security for conversion between the Close of Business on any record date for the payment of an installment of accrued and unpaid interest, if any, and the opening of business on the related interest payment date, the Holder must deliver payment to the Company of an amount equal to the interest payable on the interest payment date on the principal amount to be converted together with the Security being surrendered. The foregoing sentence shall not apply to Securities called for redemption on a redemption date within the period between and including the record date and the interest payment date.

Section 10.04. Fractional Shares. The Company will not issue a fractional Ordinary Shares upon conversion of a Security. Instead, the Company will deliver cash based on the Reference Price of the Ordinary Shares on the Conversion Date. The current market value of a fractional share shall be determined to the nearest l/1000th of a share by multiplying the Reference Price on the last Trading Day prior to the Conversion Date by the fractional amount and rounding the product to the nearest whole cent.

Section 10.05. Taxes on Conversion. A Holder delivering a Security for conversion shall be required to pay any documentary, stamp or similar issue or transfer tax or capital tax due on the issue or delivery of Ordinary Shares upon such conversion. The Company may refuse to deliver any certificates representing the Ordinary Shares being issued in a name other than the Holder's name until such Conversion Agent receives a sum sufficient to pay any tax which will be due because the Ordinary Shares are to be issued in a name other than the Holder's name. Nothing herein shall preclude any tax withholding required by law or regulations.

Section 10.06. Company to Provide Stock. The Company shall, prior to issuance of any Securities hereunder, and from time to time as may be necessary, reserve out of its authorized but unissued Ordinary Shares a sufficient number of Ordinary Shares to permit the conversion of the Securities for Ordinary Shares, respectively.

All Ordinary Shares delivered upon conversion of the Securities shall be newly issued Ordinary Shares or treasury shares, shall be duly and validly issued and fully paid and nonassessable and shall be free from preemptive rights and free of any lien or adverse claim.

The Company will endeavor promptly to comply with all U.S. federal, state and other applicable securities laws and regulations (including any applicable securities laws outside the United States) regulating the offer and delivery of Ordinary Shares upon conversion of Securities, if any, that are applicable to the Securities and such Ordinary Shares assuming compliance with the transfer restrictions set forth in this Indenture and will list or cause to have quoted such Ordinary Shares on each securities exchange or in the over-the-counter market or such other market on which the Ordinary Shares are then listed or quoted.

Section 10.07. Adjustments for Change in Capital Stock. If, after the Issue Date, the Company:

(a) pays a dividend or makes a distribution on its Ordinary Shares in shares of its Ordinary Shares or other Capital Stock;

(b) subdivides its outstanding Ordinary Shares into a greater number of shares;

(c) combines its outstanding Ordinary Shares into a smaller number of shares; or

(d) issues by reclassification of its Ordinary Shares any shares of its Capital Stock;

then the conversion privilege and the Conversion Price in effect immediately prior to such action shall be adjusted so that the Holder of a Security thereafter converted may receive the number of Ordinary Shares or other units of Capital Stock of the Company which such Holder would have owned immediately following such action if such Holder had converted the Security immediately prior to such action.

The adjustment shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, combination or reclassification.

If, after an adjustment, a Holder of a Security upon conversion of such Security may receive shares or other units of two or more classes or series of Capital Stock of the Company (including Ordinary Shares), the Company shall determine the allocation of the adjusted Conversion Price between or among such classes or series of Capital Stock. After such allocation, the conversion privilege and the Conversion Price of each class or series of Capital Stock shall thereafter be subject to adjustment on terms comparable to those applicable to Ordinary Shares in this Article 10.

Section 10.08. Adjustment for Rights Issue. If, after the Issue Date, the Company distributes any rights, warrants or options to all holders of its Ordinary Shares entitling them, for a period expiring not later than 60 days after the record date for such distribution, to subscribe for or purchase Ordinary Shares at a price per share less than the Reference Price as of the Time of Determination, the Conversion Price shall be adjusted in accordance with the following formula:

$$AP = CP \times \frac{O + \frac{(N \times P)}{M}}{O + N}$$

where:

AP = the adjusted Conversion Price.

CP = the Conversion Price in effect immediately prior to the Close of Business on the Record Date (as defined below).

O = the number of Ordinary Shares outstanding at the Close of Business on the Record Date.

N = the number of additional Ordinary Shares that may be offered upon exercise of the rights, warrants or options offered pursuant to the distribution.

P = the subscription or Repurchase Price per share of such additional Ordinary Shares.

M = the then current Reference Price on the Record Date.

The adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive the rights, warrants or options to which this Section 10.08 applies (for purposes of this Section 10.08 only, the "Record Date").

"Time of Determination" means the time and date of the earlier of (i) the determination of stockholders entitled to receive rights, warrants, or options or a distribution, in each case, to which this Section 10.08 applies and (ii) the time immediately prior to the commencement of "ex-dividend" trading for such rights, options, warrants or distribution on the New York Stock Exchange or such other national or regional exchange or market on which the Ordinary Shares are then listed or quoted.

No adjustment will be made with respect to this Section 10.08 if, in lieu of such adjustment, the Holders, upon conversion, will be entitled to receive, in addition to the Ordinary Shares into which such Securities are convertible, the kind and amount of cash, debt securities (or other evidences of Indebtedness) or other assets comprising the distribution that such Holders would have received had they converted their Securities immediately prior to the Record Date (as defined in this Section 10.08). In addition, no adjustment will be made with respect to this Section 10.08 if Holders may participate in the transaction on a basis and with notice that the Board determines to be fair and appropriate.

Section 10.09. Adjustment for Other Distributions. If, after the Issue Date, the Company distributes to all holders of its Ordinary Shares evidences of its Indebtedness, shares of Capital Stock (other than Ordinary Shares), securities, cash, property, rights, warrants or options to

purchase securities of the Company (excluding those rights, warrants and options referred to in Section 10.08 above, any dividend or distribution paid exclusively in cash on or after July 15, 2008 and not referred to in Section 10.10 below, and any dividend or distribution referred to in Section 10.07 above), the Conversion Price shall be adjusted, subject to the provisions of the last paragraph of this Section 10.09, in accordance with the formula:

$$AP = CP \times \frac{M - F}{M}$$

where:

AP = the adjusted Conversion Price.

CP = the current Conversion Price.

M = the then current Reference Price on the Record Date (as defined in this Section 10.09).

F = the fair market value on the Record Date of the assets, securities, rights, warrants or options to be distributed in respect of each Ordinary Share (including, in the case of cash dividends or other cash distributions giving rise to an adjustment, all such cash distributed concurrently).

The Board shall determine fair market values for the purpose of this Section 10.09.

The adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive the distribution to which this Section 10.09 applies (for purposes of this Section 10.09 only, the "Record Date").

No adjustment will be made with respect to this Section 10.09 if, in lieu of such adjustment, the Holders, upon conversion, will be entitled to receive, in addition to the Ordinary Shares into which such Securities are convertible, the kind and amount of cash, debt securities (or other evidences of Indebtedness) or other assets comprising the distribution that such Holders would have received had they converted their Securities immediately prior to the Record Date (as defined in this Section 10.09). In addition, no adjustment will be made in the event that the then fair market value (as so determined) of the cash, debt securities (or other evidences of Indebtedness) or other assets so distributed applicable to one Ordinary Share is equal to or greater than the then current market price per Ordinary Share, in which case, in lieu of such adjustment, adequate provision shall be made so that each Securityholder shall have the right to receive upon conversion the amount of cash, debt securities (other evidences of Indebtedness) or other assets such Holder would have received had such Holder converted each Security on the Record Date (as defined in this Section 10.09).

Section 10.10. Adjustment for all Cash Distribution. Subject to the last paragraph of this Section 10.10, (a) if the Company shall pay or make a dividend or other distribution consisting exclusively of cash to all holders of its Ordinary Shares declared and paid prior to July 15, 2008, and (b) if, on and after July 15, 2008, the Company shall make a cash distribution to all holders of Ordinary Shares that together with all other all-cash distributions and consideration payable in respect of any tender or exchange offer by the Company or one of its Subsidiaries for shares

made within the preceding 12 months exceeds 5% of the Company's aggregate market capitalization on the date of declaration of the distribution, the Conversion Price shall be reduced in accordance with the following formula:

$$AP = CP \times \frac{M - C}{M}$$

where:

AP = the adjusted Conversion Price.

CP = the Conversion Price in effect immediately prior to the Close of Business on the Record Date (as defined in this Section 10.10).

M = the then current Reference Price on the Record Date (as defined in this Section 10.10).

C = the amount of cash so distributed and not excluded applicable to one Ordinary Share.

The adjustment shall become effective immediately after the record date for the determination of stockholders entitled to receive such distribution (for purposes of this Section 10.10 only, the "Record Date").

No adjustment will be made in the event that the amount of cash so distributed applicable to one Ordinary Share is equal to or greater than the then current Reference Price, in which case, in lieu of such adjustment, adequate provision shall be made so that each Securityholder shall have the right to receive upon conversion the amount of cash such Holder would have received had such Holder converted each Security immediately prior to the record date for the distribution of the cash.

Section 10.11. Adjustment for Repurchase. Subject to the last paragraph of this Section 10.11, in the event that a tender or exchange offer (other than an odd-lot offer) made by the Company or any Subsidiary for all or a portion of the Ordinary Shares shall expire and such tender or exchange offer (including any amendment in effect immediately prior to the expiration thereof) shall require the payment to shareholders of consideration per Ordinary Share having a fair market value (as determined in good faith by the Board and set forth in a certified resolution filed with the Trustee) that, as of the last time (the "Expiration Time") tenders or exchanges may be made pursuant to such tender or exchange offer, exceeds 110% of the Reference Price at the Expiration Time, the Conversion Price shall be reduced in accordance with the following formula:

$$AP = CP \times \frac{O \times M}{P + (T \times M)}$$

where:

AC = the adjusted Conversion Price.

CP = the Conversion Price in effect immediately prior to the Close of Business on the date of the Expiration Time.

O = the number of Ordinary Shares outstanding (including any tendered or exchanged shares) at the Expiration Time.

P = the fair market value of the aggregate consideration payable to holders of Ordinary Shares based on the acceptance (up to any maximum specified in the terms of the repurchase) of all Ordinary Shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the Ordinary Shares so accepted, up to any such maximum, being referred to as the "Purchased Shares")

T = the number of Ordinary Shares outstanding (less any Purchased Shares) on the Expiration Time.

M = the then current Reference Price at the Expiration Time.

The adjustment shall become effective immediately prior to the opening of business on the date following the Expiration Time.

In the event that the Company or any Subsidiary, if applicable, is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such repurchase had not been made.

Section 10.12. When No Adjustment Required. No adjustment in the Conversion Price need be made unless the adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect. Any adjustments that are not made shall be carried forward and taken into account in any subsequent adjustment.

All calculations under this Article 10 shall be made to the nearest cent or to the nearest l/l,000th of a share, as the case may be, with one-half of a cent and 5/10,000ths of a share being rounded upwards.

Section 10.13. Notice of Adjustment. Whenever the Conversion Price is adjusted, the Company shall file with the Trustee and the Conversion Agent (if other than the Trustee) a notice of such adjustment and a certificate from the Company's independent public accountants briefly stating the facts requiring the adjustment and the manner of computing it. The Trustee will promptly mail such notice to Securityholders at the Company's expense. The certificate shall be conclusive evidence that the adjustment is correct. Neither the Trustee nor any Conversion Agent (if other than the Trustee) shall be under any duty or responsibility with respect to any such certificate except to exhibit the same to any Holder desiring inspection thereof.

Section 10.14. Voluntary Decrease. The Company from time to time may reduce the Conversion Price by any amount and for any period of time (provided, that such period is not less than 20 days) if the Board determines that such reduction would be in the best interests of the Company. Whenever the Conversion Price is reduced, the Company shall endeavor to notify

the Trustee within three Business Days after such determination. In turn, the Trustee shall promptly notify the Holders of Securities. In addition, the Company from time to time may reduce the Conversion Price if the Board deems it advisable to avoid or diminish any income tax to Holders of Securities resulting from any stock or rights distribution on the Ordinary Shares.

Section 10.15. Notice of Certain Transactions. If:

(a) the Company takes any action that would require an adjustment in the Conversion Price pursuant to Sections 10.07, 10.08, 10.09, 10.10 and 10.11 (unless no adjustment is to occur pursuant to Section 10.12); or

(b) the Company takes any action that would require a supplemental indenture pursuant to Section 10.16; or

(c) there is a liquidation or dissolution of the Company;

then the Company shall mail to Securityholders and file with the Trustee and each Conversion Agent (if other than the Trustee) a notice stating the proposed record date for a dividend or distribution of the proposed effective date of a subdivision, combination, reclassification, consolidation, merger, binding share exchange, transfer, liquidation or dissolution. If the Company takes an action as described in (a) above, it shall deliver to the Trustee an Officers' Certificate stating that a sufficient number of Ordinary Shares have been authorized by the Company to allow for the conversion of all the outstanding Securities under the adjusted Conversion Price. The Company shall file and mail such notice or Officer's Certificate at least 15 days before such date. Failure to file or mail the notice or Officers' Certificate or any defect in it shall not affect the validity of the transaction.

Section 10.16. Reorganization of Company; Special Distributions. If the Company is a party to a transaction subject to Section 5.01 (other than a sale of all or substantially all of the assets of the Company in a transaction in which the holders of Ordinary Shares immediately prior to such transaction do not receive securities, cash or other assets of the Company or any other Person) or a merger or binding share exchange which reclassifies or changes its outstanding Ordinary Shares, the Person obligated to deliver securities, cash or other assets upon conversion of Securities shall enter into a supplemental indenture, unless the Company fulfills its Merger Redemption Obligation under Section 5.01(b). If the issuer of securities deliverable upon conversion of Securities is an Affiliate of the successor Company, that issuer shall join in the supplemental indenture.

The supplemental indenture shall provide that the Holder of a Security may convert it into the kind and amount of securities, cash or other assets which such Holder would have received immediately after the consolidation, merger, binding share exchange or transfer if such Holder had converted the Security immediately before the effective date of the transaction, assuming (to the extent applicable) that such Holder (i) was not a constituent Person or an Affiliate of a constituent Person to such transaction; (ii) made no election with respect thereto; and (iii) was treated alike with the plurality of non-electing Holders. The supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practical to the

adjustments provided for in this Article 10. The successor Company shall mail to Securityholders a notice briefly describing the supplemental indenture.

If this Section 10.16 applies, neither Section 10.07 nor 10.08 applies.

If the Company makes a distribution to all holders of its Ordinary Shares of any of its assets, or debt securities or any rights, warrants or options to purchase securities of the Company that, but for the provisions of the last paragraph of Section 10.09, would otherwise result in an adjustment in the Conversion Price pursuant to the provisions of Section 10.09, then, from and after the record date for determining the holders of Ordinary Shares entitled to receive the distribution, a Holder of a Security that converts such Security in accordance with the provisions of this Indenture shall upon such conversion be entitled to receive, in addition to the Ordinary Shares into which the Security is convertible, the kind and amount of securities, cash or other assets comprising the distribution that such Holder would have received if such Holder had converted the Security immediately prior to the record date for determining the holders of Ordinary Shares entitled to receive the distribution.

Section 10.17. Company Determination Final. Any determination that the Company or the Board must make pursuant to this Article 10 is conclusive.

Section 10.18. Trustee's Disclaimer. The Trustee has no duty to determine when an adjustment under this Article 10 should be made, how it should be made or what it should be. The Trustee has no duty to determine whether a supplemental indenture under Section 10.16 need be entered into or whether any provisions of any supplemental indenture are correct. The Trustee shall not be accountable for and makes no representation as to the validity or value of any securities or assets issued upon conversion of Securities. The Trustee shall not be responsible for the Company's failure to comply with this Article 10. Each Conversion Agent (if other than the Trustee) (other than the Company or an Affiliate of the Company) shall have the same protection under this Section 10.18 as the Trustee.

Section 10.19. Simultaneous Adjustments. If this Article 10 requires adjustments to the Conversion Price under more than one of Sections 10.07(d), 10.08, 10.09 or 10.10, and the record dates or the dates of announcement for the distributions or issuances giving rise to such adjustments shall occur on the same date, then such adjustments shall be made by applying, first, the provisions of Section 10.07, second, the provisions of Section 10.08, third, the provisions of Section 10.08 and, fourth, the provisions of Section 10.09.

Section 10.20. Successive Adjustments. After an adjustment to the Conversion Price under this Article 10, any subsequent event requiring an adjustment under this Article 10 shall cause an adjustment to the Conversion Price as so adjusted.

ARTICLE 11
Subordination of Securities

Section 11.01. Agreement Of Subordination. The Company covenants and agrees, and each Holder of Securities issued hereunder by its acceptance thereof likewise covenants and

agrees, that all Securities shall be issued subject to the provisions of this Article 11; and each Person holding any Security, whether upon original issue or upon transfer, assignment or exchange thereof, accepts and agrees to be bound by such provisions.

The payment of any Payable Amount, together with accrued and unpaid interest, if any, on all Securities issued hereunder shall, to the extent and in the manner hereinafter set forth, be subordinated and subject in right of payment to the prior payment in full in cash or payment satisfactory to the holders of all Senior Indebtedness, whether outstanding at the date of this Indenture or thereafter incurred.

No provision of this Article 11 shall prevent the occurrence of any Default or Event of Default hereunder.

Section 11.02. Payments To Holders. (a) No payment shall be made with respect to any Payable Amount, or accrued and unpaid interest, if any, except payments and distributions made by the Trustee as permitted by Section 11.05, if:

(i) a default in the payment of principal, premium, interest, rent or other obligations due on any Designated Senior Indebtedness occurs and is continuing (or, in the case of Designated Senior Indebtedness for which there is a period of grace, in the event of such a default that continues beyond the period of grace, if any, specified in the instrument or lease evidencing such Designated Senior Indebtedness); or

(ii) a default, other than a payment default, on any Designated Senior Indebtedness occurs and is continuing that then permits holders of such Designated Senior Indebtedness to accelerate its maturity and the Trustee receives a notice of the default (a "Payment Blockage Notice") from a Representative or holder of such Designated Senior Indebtedness or the Company.

(b) Subject to the provisions of Section 11.05, if the Trustee receives any Payment Blockage Notice pursuant to clause (ii) above, no subsequent Payment Blockage Notice shall be effective for purposes of this Section unless and until at least 365 days shall have elapsed since the date the Trustee received the immediately prior Payment Blockage Notice and all scheduled payments on the Securities that have come due have been paid in full in cash. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee (unless such default was waived, cured or otherwise ceased to exist and thereafter subsequently reoccurred) shall be the basis for a subsequent Payment Blockage Notice.

(c) The Company shall resume payments on and distributions in respect of the Securities:

(i) in the case of a default referred to in clause (a)(i) above, the date upon which the default is cured or waived or ceases to exist, or

(ii) in the case of a default referred to in clause (a)(ii) above, the earlier of the date on which such default is cured or waived or ceases to exist or 179 days after the date on which the applicable Payment Blockage Notice is received, if the maturity of such

Designated Senior Indebtedness has not been accelerated, unless this Article 11 otherwise prohibits the payment or distribution at the time of such payment or distribution.

Upon any payment by the Company, or distribution of assets of the Company of any kind or character, whether in Cash, Property or Securities, to creditors upon any dissolution or winding-up or liquidation or reorganization of the Company (whether voluntary or involuntary) or in bankruptcy, insolvency, receivership or similar proceedings, all amounts due or to become due upon all Senior Indebtedness shall first be paid in full in cash, or other payments satisfactory to the holders of Senior Indebtedness before any payment is made on account of any Payable Amount, together with accrued and unpaid interest, if any, on the Securities (except payments made pursuant to Article 8 from monies deposited with the Trustee pursuant thereto prior to commencement of proceedings for such dissolution, winding-up, liquidation or reorganization); and upon any such dissolution or winding-up or liquidation or reorganization of the Company or bankruptcy, insolvency, receivership or other proceeding, any payment by the Company, or distribution of assets of the Company of any kind or character, whether in Cash, Property or Securities, to which the Holders of the Securities or the Trustee would be entitled, except for the provision of this Article 11, shall (except as aforesaid) be paid by the Company or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, or by the Holders of the Securities or by the Trustee under this Indenture if received by them or it, directly to the holders of Senior Indebtedness (pro rata to such holders on the basis of the respective amounts of Senior Indebtedness held by such holders, or as otherwise required by law or a court order) or their Representative or Representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear, to the extent necessary to pay all Senior Indebtedness in full in cash, or other payment satisfactory to the holders of Senior Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness, before any payment or distribution is made to the Holders of the Securities or to the Trustee.

For purposes of this Article 11, the phrase, "Cash, Property or Securities" shall not be deemed to include shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment, the payment of which is subordinated at least to the extent provided in this Article 11 with respect to the Securities to the payment of all Senior Indebtedness which may at the time be outstanding; provided that (i) the Senior Indebtedness is assumed by the new corporation, if any, resulting from any reorganization or readjustment, and (ii) the rights of the holders of Senior Indebtedness (other than leases which are not assumed by the Company or the new corporation, as the case may be) are not, without the consent of such holders, altered by such reorganization or readjustment. The consolidation of the Company with, or the merger of the Company into, another corporation or the liquidation or dissolution of the Company following the conveyance, transfer or lease of its property as an entirety, or substantially as an entirety, to another corporation upon the terms and conditions provided for in Article 5 shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section 11.02 if such other corporation shall, as a part of such consolidation, merger, conveyance, transfer or lease, comply with the conditions stated in Article 5.

In the event of the acceleration of the Securities because of an Event of Default, no payment or distribution shall be made to the Trustee or any Holder of Securities in respect of any Payable Amount, together with accrued and unpaid interest, if any, except payments and distributions made by the Trustee as permitted by Section 11.05, until all Senior Indebtedness has been paid in full in cash or other payment satisfactory to the holders of Senior Indebtedness or such acceleration is rescinded in accordance with the terms of this Indenture. If payment of the Securities is accelerated because of an Event of Default, the Company shall promptly notify holders of Senior Indebtedness of such acceleration.

In the event that, notwithstanding the foregoing provisions, any payment or distribution of assets of the Company of any kind or character, whether in Cash, Property or Securities (including, without limitation, by way of setoff or otherwise), prohibited by the foregoing, shall be received by the Trustee or the Holders of the Securities before all Senior Indebtedness is paid in full, in cash or other payment satisfactory to the holders of Senior Indebtedness, or provision is made for such payment thereof in accordance with its terms in cash or other payment satisfactory to the holders of Senior Indebtedness, such payment or distribution shall be held in trust for the benefit of and shall be paid over or delivered to the holders of Senior Indebtedness or their Representative or Representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear, as calculated by the Company, for application to the payment of all Senior Indebtedness remaining unpaid to the extent necessary to pay all Senior Indebtedness in full, in cash or other payment satisfactory to the holders of Senior Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Indebtedness.

Nothing in this Section 11.02 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 7.07. This Section 11.02 shall be subject to the further provisions of Section 11.05.

Section 11.03. Subrogation Of Securities. Subject to the payment in full, in cash or other payment satisfactory to the holders of Senior Indebtedness, of all Senior Indebtedness, the rights of the Holders of the Securities shall be subrogated to the extent of the payments or distributions made to the holders of such Senior Indebtedness pursuant to the provisions of this Article 11 (equally and ratably with the holders of all Indebtedness of the Company which by its express terms is subordinated to other Indebtedness of the Company to substantially the same extent as the Securities are subordinated and is entitled to like rights of subrogation) to the rights of the holders of Senior Indebtedness to receive payments or distributions of Cash, Property or Securities of the Company applicable to the Senior Indebtedness until any Payable Amount, together with accrued and unpaid interest, if any, on the Securities shall be paid in full in cash or other payment satisfactory to the holders of Senior Indebtedness; and, for the purposes of such subrogation, no payments or distributions to the holders of the Senior Indebtedness of any Cash, Property or Securities to which the Holders of the Securities or the Trustee would be entitled except for the provisions of this Article 11, and no payment over pursuant to the provisions of this Article 11, to or for the benefit of the holders of Senior Indebtedness by Holders of the Securities or the Trustee, shall, as between the Company, its creditors other than holders of Senior Indebtedness, and the Holders of the Securities, be deemed to be a payment by the Company to or on account of the Senior Indebtedness; and no payments or distributions of Cash,

Property or Securities to or for the benefit of the Holders of the Securities pursuant to the subrogation provisions of this Article 11, which would otherwise have been paid to the holders of Senior Indebtedness shall be deemed to be a payment by the Company to or for the account of the Securities. It is understood that the provisions of this Article 11 are and are intended solely for the purposes of defining the relative rights of the Holders of the Securities, on the one hand, and the holders of the Senior Indebtedness, on the other hand.

Nothing contained in this Article 11 or elsewhere in this Indenture or in the Securities is intended to or shall impair, as among the Company, its creditors other than the holders of Senior Indebtedness, and the Holders of the Securities, the obligation of the Company, which is absolute and unconditional, to pay to the Holders of the Securities any Payable Amount, together with accrued and unpaid interest, if any, on the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders of the Securities and creditors of the Company other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article 11 of the holders of Senior Indebtedness in respect of Cash, Property or Securities of the Company received upon the exercise of any such remedy.

Upon any payment or distribution of assets of the Company referred to in this Article 11, the Trustee, subject to the provisions of Section 7.01, and the Holders of the Securities shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which such bankruptcy, dissolution, winding-up, liquidation or reorganization proceedings are pending, or a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, delivered to the Trustee or to the Holders of the Securities, for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other Indebtedness of the Company, the amount thereof or payable thereon and all other facts pertinent thereto or to this Article 11.

Section 11.04. Authorization To Effect Subordination. Each Holder of a Security by the Holder's acceptance thereof authorizes and directs the Trustee on the Holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article 11 and appoints the Trustee to act as the Holder's attorney-in-fact for any and all such purposes. If the Trustee does not file a proper proof of claim or proof of debt in the form required in any proceeding referred to in Section 11.03 hereof at least 30 days before the expiration of the time to file such claim, the holders of any Senior Indebtedness or their Representatives are hereby authorized to file an appropriate claim for and on behalf of the Holders of the Securities.

Section 11.05. Notice To Trustee. The Company shall give prompt written notice in the form of an Officers' Certificate to a Trust Officer of the Trustee and to any Paying Agent of any fact known to the Company which would prohibit the making of any payment of monies to or by the Trustee or any Paying Agent in respect of the Securities pursuant to the provisions of this Article 11. Notwithstanding the provisions of this Article 11 or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of monies to or by the Trustee in respect of the

Securities pursuant to the provisions of this Article 11, unless and until a Trust Officer of the Trustee shall have received written notice thereof at the Corporate Trust Office from the Company (in the form of an Officers' Certificate) or a Representative or a holder or holders of Senior Indebtedness or from any trustee thereof; and before the receipt of any such written notice, the Trustee, subject to the provisions of Section 7.01, shall be entitled in all respects to assume that no such facts exist; provided that if on a date not less than one Business Day prior to the date upon which by the terms hereof any such monies may become payable for any purpose (including, without limitation, the payment of any Payable Amount, together with accrued and unpaid interest, if any, on any Security) the Trustee shall not have received, with respect to such monies, the notice provided for in this Section 11.05, then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such monies and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such prior date. Notwithstanding anything in this Article 11 to the contrary, nothing shall prevent any payment by the Trustee to the Holders of monies deposited with it pursuant to Article 8, and any such payment shall not be subject to the provisions of Article 11.

The Trustee, subject to the provisions of Section 7.01, shall be entitled to conclusively rely on the delivery to it of a written notice by a Representative or a Person representing himself to be a holder of Senior Indebtedness (or a trustee on behalf of such holder) to establish that such notice has been given by a Representative or a holder of Senior Indebtedness or a trustee on behalf of any such holder or holders. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article 11, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article 11, and if such evidence is not furnished the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

Section 11.06. Trustee's Relation To Senior Indebtedness. The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article 11 in respect of any Senior Indebtedness at any time held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in Section 7.11 or elsewhere in this Indenture shall deprive the Trustee of any of its rights as such holder.

With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article 11, and no implied covenants or obligations with respect to the holders of Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and, subject to the provisions of Section 7.01, the Trustee shall not be liable to any holder of Senior Indebtedness if it shall pay over or deliver to Holders of Securities, the Company or any other Person money or assets to which any holder of Senior Indebtedness shall be entitled by virtue of this Article 11 or otherwise.

Section 11.07. No Impairment Of Subordination. No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such holder may have or otherwise be charged with.

Section 11.08. Certain Conversions Deemed Payment. For the purposes of this Article 11 only, (1) the issuance and delivery of Junior Securities upon conversion of Securities in accordance with Article 10 shall not be deemed to constitute a payment or distribution on account of the principal of (or premium, if any) or interest, if any, on Securities or on account of the purchase or other acquisition of Securities, and (2) the payment, issuance or delivery of cash (except in satisfaction of fractional shares pursuant to Section 10.04), property or securities (other than Junior Securities) upon conversion of a Security shall be deemed to constitute payment on account of the principal of such Security. For the purposes of this Section 11.08, the term "Junior Securities" means (a) shares of any stock of any class of the Company, or (b) securities of the Company which are subordinated in right of payment to all Senior Indebtedness which may be outstanding at the time of issuance or delivery of such securities to substantially the same extent as, or to a greater extent than, the Securities are so subordinated as provided in this Article. Nothing contained in this Article 11 or elsewhere in this Indenture or in the Securities is intended to or shall impair, as among the Company, its creditors other than holders of Senior Indebtedness and the Holders, the right, which is absolute and unconditional, of the Holder of any Security to convert such Security in accordance with Article 10.

Section 11.09. Article Applicable To Paying Agents. If at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article shall (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; provided, however, that the first paragraph of Section 11.05 shall not apply to the Company or any Affiliate of the Company if it or such Affiliate acts as Paying Agent.

Section 11.10. Senior Indebtedness Entitled To Rely. The holders of Senior Indebtedness (including, without limitation, Designated Senior Indebtedness) shall have the right to rely upon this Article 11, and no amendment or modification of the provisions contained herein shall diminish the rights of such holders unless such holders shall have agreed in writing thereto.

ARTICLE 12
MISCELLANEOUS

Section 12.01. Trust Indenture Act Controls. If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control.

Section 12.02. Notices. Any notice or communication shall be in English and in writing and delivered in person or mailed by first-class mail, postage prepaid, and shall be deemed effective when actually received if addressed as follows:

if to the Company:

NetEase.com, Inc.
Suite 1901, Tower E3,
The Towers, Oriental Plaza
Dong Cheng District
Beijing, People's Republic of China 100738

Attention: Chief Financial Officer

if to the Trustee:

The Bank of New York
101 Barclay Street
Floor 21 West
New York, New York 10286

Attention: Global Trust Services

with a copy to:

The Bank of New York
One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192

Attention: Global Trust Services

The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication given to a Securityholder shall be mailed by first-class mail to the Securityholder at the Securityholder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so mailed within the time prescribed.

Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders.

If the Company mails a notice or communication to the Securityholders, it shall mail a copy to the Trustee and each Registrar, Paying Agent, Conversion Agent or co-registrar.

Section 12.03. Certificate and Opinion to Conditions Precedent. Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Section 12.04. Statements Required in Certificate or Opinion. Each Officers' Certificate or Opinion of Counsel with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(a) a statement that each Person making such Officers' Certificate or Opinion of Counsel has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such Officers' Certificate or Opinion of Counsel are based;

(c) a statement that, in the opinion of each such Person, he has made such examination or investigation as is necessary to enable such Person to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement that, in the opinion of such Person, such covenant or condition has been complied with.

Section 12.05. Separability Clause. In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.06. Rules by Trustee, Paying Agents, Conversion Agent and Registrar. The Trustee may make reasonable rules for action by or a meeting of the Securityholders. Each Registrar, Conversion Agent and Paying Agent may make reasonable rules for their functions.

Section 12.07. Legal Holiday. A "Legal Holiday" is any day other than a Business Day. If any specified date (including a date for giving notice) is a Legal Holiday, the action shall be taken on the next succeeding day that is not a Legal Holiday, and to the extent applicable no accrued and unpaid interest, if any, shall accrue for the intervening period.

Section 12.08. Governing Law. THIS INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

Section 12.09. Submission to Jurisdiction, Appointment of Agent for Service. The Company agrees and covenants as follows:

The Company irrevocably agrees that any legal suit, action or proceeding against it arising out of or based upon this Indenture, the Securities or the transactions contemplated hereby may be, but is not required to be, instituted in any United States Federal or State Court in the Borough of Manhattan, The City of New York, State of New York, and irrevocably waives any objection which it may now or hereafter have to the laying of venue of any such proceeding and irrevocably submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. The Company irrevocably waives any immunity to jurisdiction to which it may otherwise be entitled or become entitled (including immunity to prejudgment attachment and execution) in any legal suit, action or proceeding against it arising out of this Indenture, the Securities or the transactions contemplated hereby which is instituted in any United States Federal or state court in the Borough of Manhattan, The City of New York, State of New York, or in any foreign court. To the extent permitted by law, the Company hereby waives any objection to the enforcement by any competent foreign court of any jurisdiction validly obtained in any such proceeding. The Company has appointed CT Corporation Systems, 111 Eighth Avenue, New York, New York 10011, as its authorized agent (the "Authorized Agent") upon which process may be served in any such action arising out of or based on this Indenture, the Securities or the transactions contemplated hereby which may be instituted in any United States Federal or state court in the Borough of Manhattan, The City of New York, State of New York, expressly consents to the jurisdiction of any such court in respect of any such action and waives any other requirements of or objections to personal jurisdiction with respect thereto. Such appointments shall be irrevocable. The Company represents and warrants that the Authorized Agent has agreed to act as said agent for service of process and it agrees to take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment in full force and effect as aforesaid. Service of process upon the Authorized Agent and written notice of such service of process to the Company shall be deemed, in every respect, effective service of process upon the Company. Notwithstanding the foregoing, any action based on this Indenture and the Securities or the transactions contemplated hereby may be instituted by any party hereto, subject to the limitations set forth in Article 6 hereof, by the Holder of any Security in any competent foreign court.

Section 12.10. Successors. All agreements of the Company in this Indenture and the Securities shall bind its successor. All agreements of the Trustee in this Indenture shall bind its successor.

Section 12.11. Acts of Holders. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the

individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The ownership of the Securities shall be proved by the Security register or by a certificate of the registrar thereof.

Section 12.12. Waiver of Jury Trial. Each of the Company and the Trustee hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Indenture, the Securities or the transactions contemplated hereby.

Section 12.13. Multiple Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture.

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this Indenture on behalf of the respective parties hereto as of the date first above written.

NETEASE.COM, INC.

By: /s/ Ted Sun

Name: Ted Sun
Title: Director and Acting Chief Executive Officer

THE BANK OF NEW YORK

By: /s/ Vanessa Loh

Name: Vanessa Loh
Title: Assistant Vice President

[FORM OF FACE OF GLOBAL NOTE]

Unless this certificate is presented by an authorized representative of The Depository Trust Company ("DTC"), a corporation in The City of New York, to NetEase.com, Inc. or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

NETEASE.COM, INC.

Zero Coupon Convertible Subordinated Notes due July 15, 2023

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS NOTE AND THE ORDINARY SHARES ISSUABLE UPON CONVERSION MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS NOTE AND THE ORDINARY SHARES ISSUABLE UPON CONVERSION THEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A), (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE. IN ANY CASE, THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THE SECURITIES EXCEPT AS PERMITTED UNDER THE SECURITIES ACT.

No. 1

CUSIP No. 64110W AA 0

NetEase.com, Inc. (the "Company"), a company incorporated under the laws of the Cayman Islands, with its corporate seat in Beijing, People's Republic of China, promises to pay to Cede & Co. or registered assigns, the Principal Amount set forth on the register of the Registrar on July 15, 2023.

This Security shall not bear interest except as specified on the other side of this Security. This Security is convertible into Ordinary Shares of the Company as specified on the other side of this Security. All capitalized terms used herein without definition shall have the respective meanings assigned thereto in the Indenture referred to on the other side of this Security.

Additional provisions of this Security are set forth on the other side of this Security.

NETEASE.COM, INC.

By:

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

The Bank of New York
as Trustee, certifies that this Security
is one of the Securities referred to
in the within-mentioned Indenture

By:

Authorized Signatory

Date:

[FORM OF FACE OF DEFINITIVE REGISTERED NOTE]

NETEASE.COM, INC.

Zero Coupon Convertible Subordinated Notes due July 15, 2023

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS NOTE AND THE ORDINARY SHARES ISSUABLE UPON CONVERSION MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS NOTE AND THE ORDINARY SHARES ISSUABLE UPON CONVERSION THEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A), (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE. IN ANY CASE, THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THE SECURITIES EXCEPT AS PERMITTED UNDER THE SECURITIES ACT.

No.

NetEase.com, Inc., a company incorporated under the laws of the Cayman Islands, with its corporate seat in Beijing, People's Republic of China, promises to pay to _____, or registered assigns, the Principal Amount of _____ Dollars ($_____) on July 15, 2023.

This Security shall not bear interest except as specified on the other side of this Security. This Security is convertible into Ordinary Shares of the Company as specified on the other side of this Security. All capitalized terms used herein without definition shall have the respective meanings assigned thereto in the Indenture referred to on the other side of this Security.

Additional provisions of this Security are set forth on the other side of this Security.

NETEASE.COM, INC.

By: ----------

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

The Bank of New York
as Trustee, certifies that this Security
is one of the Securities referred to
in the within-mentioned Indenture

By:

Authorized Signatory

Date:

[FORM OF REVERSE SIDE OF NOTE]

Zero Coupon Convertible Subordinated Notes due July 15, 2023

1. Interest

This Security shall not bear interest, except that if the Principal Amount hereof or any portion of such Principal Amount is not paid when due (whether upon acceleration pursuant to Section 6.02 of the Indenture, upon the date set for payment of the Redemption Price pursuant to paragraph 5 hereof, upon the date set for payment of the Merger Redemption Price pursuant to paragraph 7 hereof, upon the date set for payment of the Repurchase Price, Fundamental Change Repurchase Price or Delisting Put Price pursuant to paragraph 6 hereof or upon the Stated Maturity of this Security) or if Ordinary Shares (or cash in lieu of fractional Ordinary Shares) in respect of a conversion of this Security in accordance with the terms of Article 10 of the Indenture is not delivered when due, then in each such case the overdue amount shall bear interest at such rate and on such terms as are set out in the registration rights agreement dated July 8, 2003, between the Company and the Purchaser, and the Company may set a record date for the payment of such interest.

2. Method of Payment

Subject to the terms and conditions of the Indenture, NetEase.com, Inc. (the "Company") will make payments in respect of the Securities to the Persons who are registered Holders of Securities at the Close of Business on the Stated Maturity, Redemption Date, Repurchase Date, Fundamental Change Repurchase Date, Delisting Put Date, Merger Redemption Date or Conversion Date, as the case may be. Holders must surrender Securities to the Paying Agent to collect such payments in respect of the Securities. The Company will pay cash amounts in money of The United States of America that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check payable in such money.

3. Paying Agent, Conversion Agent and Registrar

Initially, The Bank of New York, a New York banking corporation, will act as conversion agent, paying agent and registrar. The Company may appoint and change the paying agent, conversion agent, registrar or co-registrar, upon notice to the Trustee and the Holders. The Company or any of its Subsidiaries or any of their Affiliates may act as paying agent, conversion agent, registrar or co-registrar.

4. Indenture

The Company issued the Securities under an Indenture, dated as of July 14, 2003 (the "Indenture"), between the Company and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended by the Trust Indenture Reform Act of 1990, and, as in effect on the date of the Indenture (the "TIA"). Capitalized terms used herein or on the face hereof and not

defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Securityholders are referred to the Indenture and the TIA for a statement of those terms.

The Securities are general unsecured obligations of the Company limited to the aggregate Principal Amount specified in Section 2.02 of the Indenture (subject to Section 2.06 of the Indenture). The Indenture does not limit other Indebtedness of the Company.

5. Redemption at the Option of the Company

No sinking fund is provided for the Securities. Prior to July 15, 2008, the Securities will not be redeemable at the option of the Company, except as provided in Section 5.01 of the Indenture and paragraph 7 hereof.

Beginning on July 15, 2008, and prior to the Close of Business on the Stated Maturity, the Company may redeem the Securities, in whole or in part, for cash if the Reference Price of the Ordinary Shares for 20 out of any 30 consecutive Trading Days, the last of which occurs no more than five days prior to the date upon which notice of such redemption is published, is at least 130% of the Conversion Price in effect on such Trading Day. If the Company redeems less than all of the outstanding Securities, the Trustee shall select the Securities to be redeemed pro rata or by lot or by any other method the Trustee considers fair and appropriate in principal amounts of $1,000 or integral multiples of $1,000. If a portion of a Holder's Securities is selected for partial redemption and the Holder commits a portion of the Securities, the converted portion shall be deemed to be the portion selected for redemption.

Any redemption pursuant to this paragraph 5 shall be at the Redemption Price, together with accrued and unpaid interest, if any.

6. Repurchase of Securities by the Company at the Option of the Holder

Subject to the terms and conditions of Section 3.08 of the Indenture, the Company shall become obligated to repurchase, at the option of the Holder, the Securities held by such Holder on July 15, 2006, July 15, 2007, July 15, 2008, July 15, 2013, and July 15, 2018 (each, a "Repurchase Date") and at a repurchase price equal to the Principal Amount of such Securities (the "Repurchase Price"), upon delivery of the Repurchase Notice containing the information set forth in the Indenture, at any time from the opening of business on the date that is 20 Business Days prior to a Repurchase Date until the Repurchase Deadline and upon delivery of the Securities to the Paying Agent by the Holder as set forth in the Indenture. The Repurchase Price shall be paid in cash.

Subject to the terms and conditions of Section 3.09 of the Indenture, if any Fundamental Change occurs, the Company shall, at the option of the Holders, repurchase all Securities for which a Fundamental Change Repurchase Notice shall have been delivered as provided in the Indenture and not withdrawn, on the date that is not less than 10 or more than 30 days after the Final Surrender Date, for the Fundamental Change Repurchase Price, which shall be paid in cash.

Subject to the terms and conditions of Section 3.10 of the Indenture, if any Delisting Event occurs, the Company shall, at the option of the Holders, repurchase all Securities for which a Delisting Put Notice shall have been delivered as provided in the Indenture and not withdrawn, on the date that is not less than 10 or more than 30 days after the Delisting Put Surrender Date, for the Delisting Put Price, which shall be paid in cash.

Holders have the right to withdraw a Repurchase Notice until the Close of Business on the third Business Day prior to the Repurchase Date, and a Fundamental Change Repurchase Notice or Delisting Put Notice, as the case may be, until the Fundamental Change Repurchase Date or the Delisting Put Date, as the case may be, in any event by delivering to the Paying Agent a written notice of withdrawal in accordance with the provisions of the Indenture.

If cash sufficient to pay the Repurchase Price, Fundamental Change Repurchase Price or Delisting Put Price of all Securities or portions thereof to be repurchased as of the Repurchase Date, Fundamental Change Repurchase Date or Delisting Put Date, as the case may be, is deposited with the Paying Agent on the Business Day following the Repurchase Date, Fundamental Change Repurchase Date or Delisting Put Date, as the case may be, the Holders shall have no other rights as such (other the right to receive the Repurchase Price, Fundamental Change Repurchase Price or Delisting Put Price, as the case may be).

7. Merger Redemption

Subject to the terms and conditions of the Indenture, upon the occurrence of a Merger Event, the Company may become obligated to repurchase (and in such case, the Holder shall become obligated to tender for repurchase), the Securities held by the Holder on the Merger Redemption Date and at the Merger Redemption Price, upon delivery of the Securities, on or before the Merger Redemption Surrender Date. The Merger Redemption Price shall be paid in cash.

If cash sufficient to pay the Merger Redemption Price of all Securities or portions thereof to be repurchased as of the Merger Redemption Date is deposited with the Paying Agent on the Business Day following the Merger Redemption Date, the Holders shall have no other rights as such (other the right to receive the Merger Redemption Price).

8. Notice of Redemption and Surrender of Security

(i) Notice of redemption, other than a Merger Redemption Notice, will be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder of Securities to be redeemed at the Holder's registered address. A Merger Redemption Notice will be mailed within 30 days after the occurrence of the Merger Event to each Holder of Securities to be redeemed at the Holder's registered address.

(ii) Holders may surrender a Security for repurchase by the Company by means of book entry delivery in accordance with the provisions set forth herein and the regulations of the applicable book entry facility. For the purposes of paragraphs 6 and 7, a Security shall be deemed to have been surrendered to the Paying Agent upon receipt of a copy of an irrevocable notice given by any book entry facility to the Registrar or any

custodian for the registrar, instructing it to deliver the certificate corresponding to such Security to the Registrar for cancellation.

9. Conversion

A Holder may only surrender its Securities for conversion in the four circumstances set out below and in accordance with the provisions in the Indenture:

(i) Conversion Upon Satisfaction of Ordinary Share Price Condition

A Holder may surrender its Securities for conversion into Ordinary Shares prior to the Close of Business on the Stated Maturity, in any quarter commencing after September 30, 2003, if the average of the Reference Prices of the Ordinary Shares, for the last five consecutive Trading Days of the immediately preceding fiscal quarter, exceeds 115% of the Conversion Price in effect on the last Trading Day of such quarter.

(ii) Conversion Upon Notice of Redemption

A Holder may surrender for conversion a Security called for redemption at any time prior to the Close of Business on the second Business Day prior to the Redemption Date or Merger Redemption Date, unless the Company defaults in making payment due upon redemption.

(iii) Conversion Upon Satisfaction of Trading Price Condition

If, after any five consecutive Trading Day period in which the average of the Trading Prices for the Securities for such five Trading Day period is less than 100% of the average of the Conversion Values for the Securities during that period, a Holder may surrender Securities for conversion at any time during the following 10 Trading Days; provided, however, that no Securities may be converted based on the satisfaction of this condition during the six month period immediately preceding each specified date on which a Holder may require the Company to repurchase its Securities (for example, with respect to the July 15, 2006 put date for the Securities, the Securities may not be converted from January 15, 2006 to July 15, 2006), if on any day during such five consecutive Trading Day period, the Reference Price of the Ordinary Shares is between the Conversion Price and 115% of the Conversion Price.

(iv) Conversion Rights Upon Occurrence of Specific Corporate Transactions

If the Company elects to:

- distribute to all Holders of the Ordinary Shares any rights, warrants or options entitling them to substitute for or purchase, for a period expiring within 60 days of the date of such distribution, the Ordinary Shares at less than the then current Reference Price; or

- distribute to all Holders of the Ordinary Shares, any assets, debt securities or certain rights to purchase the Company's securities, which distribution has a

per share value exceeding 10% of the Reference Price of the Ordinary Shares on the day preceding the declaration date for such distribution;

Holders may convert their Securities, unless they may participate in the transaction on a basis and with notice that the Board determines to be fair and reasonable.

In addition, if the Company is party to a consolidation, merger, share exchange, sale of all or substantially all of its assets or other similar transaction, in each case pursuant to which the Ordinary Shares would be converted into cash, securities or other property, a Holder may surrender its Securities for conversion for the Ordinary Shares at any time from and after the date that is 15 Business Days prior to the anticipated effective date of the transaction until and including the date which is two Business Days before the actual date of such transaction. If the Company is party to a consolidation, merger, share exchange, sale of all or substantially all of its assets or other similar transaction, in each case pursuant to which the Ordinary Shares would be converted into cash, securities or other property, then at the effective time of the transaction, a Holder's right to convert its Securities into Ordinary Shares will be changed into a right to convert such Securities into the kind and amount of cash, securities or other property that such Holder would have received if such Holder had converted such Securities immediately prior to the transaction.

The Conversion Price is $0.4815 per Ordinary Share, subject to adjustment in certain events as set out in the Indenture. The conversion conditions shall be as set out in the Indenture.

10. Conversion Arrangement on Call for Redemption

Any Securities called for redemption (other than upon a Merger Event), unless surrendered for conversion before the Close of Business on the Redemption Date, may be deemed to be repurchased from the Holders of such Securities at an amount not less than the Redemption Price, by one or more investment bankers or other purchaser who may agree with the Company to purchase such Securities from the Holders and to make payment for such Securities to the Trustee in trust for such Holders.

11. Denominations; Transfer; Exchange

The Securities are in fully registered form, without coupons, in denominations of $1,000 of Principal Amount and integral multiples of $1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. A Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. A Registrar need not transfer or exchange any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) or any Securities in respect of which the Repurchase Notice, Fundamental Change Repurchase Notice or Delisting Put Notice has been given and not withdrawn (except, in the case of a Security to be repurchased in part, the portion of the Security

not to be repurchased) or any Securities for a period of 15 days before a selection of Securities to be redeemed.

12. Persons Deemed Owners

The registered Holder of this Security may be treated as the owner of this Security for all purposes.

13. Unclaimed Money or Securities

The Trustee and the Paying Agent (if other than the Trustee) shall return to the Company, upon request of the Company, any money or securities held by them for the payment of any amount with respect to the Securities that remains unclaimed for two years; provided, however, that the Trustee or such Paying Agent (if other than the Trustee), before being required to make any such return, may, at the expense of the Company, cause to be published once in The Wall Street Journal or another daily newspaper of national circulation or mail to each such Holder notice that such money or securities remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication or mailing, any unclaimed money or securities then remaining will be returned to the Company. After return to the Company, Holders entitled to the money or securities must look to the Company for payment as general creditors unless an applicable abandoned property law designates another Person, and the Trustee and the Paying Agent (if other than the Trustee) shall have no further liability with respect to such money or securities for that period commencing after the return thereof.

14. Amendment; Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Securities may be amended with the written consent of the Holders of at least a majority in aggregate Principal Amount of the Securities at the time outstanding and (ii) certain defaults or noncompliance with certain provisions may be waived with the written consent of the Holders of at least a majority in aggregate Principal Amount of the Securities at the time outstanding. Subject to certain exceptions set forth in the Indenture, without the consent of any Securityholder, the Company and the Trustee may amend the Indenture or the Securities to cure any ambiguity, defect or inconsistency, or to comply with Article 5 or Section 10.16 of the Indenture or to make any change that does not materially adversely affect the rights of any Securityholder.

15. Defaults and Remedies

Under the Indenture, Events of Default include (i) default in payment of any Payable Amount in respect of the Securities when the same becomes due and payable; (ii) default in payment of accrued and unpaid interest, if any, on a Security, subject to lapse of time; (iii) failure by the Company to comply with other agreements in the Indenture or the Securities, subject to notice and lapse of time; (iv) failure to make any payment when due in respect of Indebtedness for borrowed money, which payment is in an amount in excess of $10 million; (v) default with respect to any Indebtedness for money borrowed, which default results in acceleration of any such Indebtedness that is in an amount in excess of $10 million; or (vi) certain events of bankruptcy or insolvency. If an Event of Default occurs and is continuing, the Trustee, or the

Holders of at least 25% in aggregate Principal Amount of the Securities at the time outstanding, may declare all the Securities to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Securities becoming due and payable immediately upon the occurrence of such Events of Default.

Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Securities unless it receives indemnity or security to its satisfaction. Subject to certain limitations, Holders of a majority in aggregate Principal Amount of the Securities at the time outstanding may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing Default (except a Default in payment of amounts specified in clauses (i) or (ii) above) if it determines that withholding notice is in their interests.

16. Trustee Dealings with the Company

Subject to certain limitations imposed by the TIA, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

17. No Recourse Against Others

A director, member of the Board, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

18. Authentication

This Security shall not be valid until an authorized officer of the Trustee or any authenticating agent (if other than the Trustee) manually signs the Certificate of Authentication on the other side of this Security.

19. Abbreviations

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common) and CUST (=custodian), and UNIF TRANS MIN ACT (=Uniform Transfers to Minors Act).

20. GOVERNING LAW

THE INDENTURE AND THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND TO BE PERFORMED WITHIN THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

_____

(Insert assignee's soc. sec. or tax ID no.)

_____

_____

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint_____ as agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

To resell or transfer this Security check one of the boxes below:

G I or we assign or transfer this security to NetEase.com, Inc. or its subsidiary _____(print or type name of subsidiary)

G I or we assign and transfer this security to a Qualified Institutional Buyer ("QIB") as defined in Rule 144A under the Securities Act

G I or we assign and transfer this security outside the United States in an offshore transaction in compliance with Rule 903 or 904 under the Securities Act

G I or we assign and transfer this security pursuant to the exemption from registration provided by Rule 144 under the Securities Act

I or we hereby declare and represent that the assignment of this Security is made in compliance with all applicable securities laws of the states of the United States or any other jurisdiction.

Date:

--- ---

- ---
(Sign exactly as your name appears on the other side of this Security)

CONVERSION NOTICE

To convert this Security into Ordinary Shares of the Company, check the box:G

To convert only part of this Security, state the Principal Amount to be converted (which must be $1,000 or an integral multiple of $1,000):

$_____

If you want the stock certificate made out in another Person's name, fill in the form below:

_____

(Insert person's soc. sec. or tax ID no.)

_____

_____

_____

(Print or type person's name, address and zip code)

The undersigned Holder elects to receive _____Ordinary Shares.

Your Signature:

* Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements in the case of the Registrar include membership or participation in the Security Registrar Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT C

FORM OF CERTIFICATE TO BE DELIVERED IN
CONNECTION WITH TRANSFERS PURSUANT TO REGULATION S

_____, _____

The Bank of New York
101 Barclay Street
Floor 21 West
New York, New York 10286
Attention: Corporate Trust Administration

Re: NETEASE.COM., INC. (the "Company")

Zero Coupon Convertible Subordinated Notes due July 15, 2023
(the "Securities")

Ladies and Gentlemen:

In connection with our proposed sale of $ _____ principal amount of the Securities, we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the Securities Act of 1933 and, accordingly, we represent that:

(1) the offer of the Securities was not made to a Person in United States;

(2) at the time the buy order was originated, the transferee was outside the United States or we and any Person acting on our behalf reasonably believed that the transferee was outside the United States;

(3) no directed selling efforts have been made by us in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable; and

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act of 1933.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate and not otherwise defined have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By

Authorized Signature

EXHIBIT 5.1

[LETTERHEAD OF MAPLES and CALDER]

NetEase.com, Inc.
Suite 1901, Tower E3
The Towers, Oriental Plaza
Dong Cheng District
Beijing 100738
PRC

10th October, 2003

Dear Sirs,

NetEase.com, Inc.

We have acted as Cayman Islands legal advisers to NetEase.com, Inc. (the "Company") in connection with the Company's registration statement on Form F-3, including all amendments or supplements thereto (the "Registration Statement"), filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), and (i) the registration by the Company of US$100,000,000 aggregate principal amount of its Zero Coupon Convertible Subordinated Notes due 15th July, 2023 (the "Notes") issued under an Indenture, dated as of July 14, 2003 (the "Indenture"), between the Company and The Bank of New York, as trustee (the "Trustee"), and (ii) the registration of 207,684,320 of the Company's Ordinary Shares, of par value US$0.0001 each (the "Shares", together with the Notes, the "Offered Securities"), initially issuable upon conversion of the Notes pursuant to the Indenture.

For the purposes of this opinion, we have reviewed only originals, copies or final drafts of the following documents:

(a) the certificate of incorporation of the Company dated 6 July 1999 and the restated memorandum and articles of association of the Company as adopted on 12 May 2000 and amended by special resolution passed on 5 June, 2003, supplied by the Company;

(b) a certificate of good standing for the Company dated 29 July, 2003 issued by the Registrar of Companies in the Cayman Islands (the "Certificate of Good Standing");

(c) the minutes of the meeting of the board of directors of the Company held on 30 June, 2003;

(d) a certificate from a director of the Company addressed to this firm dated 9th October, 2003 (the "Director's Certificate");

(e) the Registration Statement;

(f) an executed copy of the Indenture; and

(g) the executed global notes representing the Notes authenticated by the Trustee.

The documents referred to in paragraphs (e) to (g) above are collectively referred to as the "Agreements."

Save as aforesaid we have not been instructed to undertake and have not undertaken any further enquiry or due diligence in relation to the transaction which is the subject of this opinion. The following opinions are given only as to and based on circumstances and matters of fact existing at the date hereof and of which we are aware consequent upon the instructions we have received in relation to the matter the subject of this opinion and as to the laws of the Cayman Islands as the same are in force at the date hereof. In giving this opinion, we have relied upon the completeness and accuracy (and assumed the continuing completeness and accuracy as at the date hereof) of the Director's Certificate without further verification and have relied upon the following assumptions, which we have not independently verified:

(i) Copy documents or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals.

(ii) The genuineness of all signatures and seals.

(iii) There is no contractual or other prohibition (other than as may arise by virtue of the laws of the Cayman Islands) binding on the Company or on any other party prohibiting it from entering into and performing its obligations.

The following opinions are given only as to matters of Cayman Islands law and we have assumed that there is nothing under any other law that would affect or vary the following opinions.

Based upon the foregoing and subject to the qualifications set out below and having regard to such legal considerations as we deem relevant, we are of the opinion that:

1. The Company has been duly incorporated as an exempted company with limited liability for an unlimited duration and is validly existing under the laws of the Cayman Islands.

2. The Notes have been duly authorized and, assuming that the Notes have been duly authenticated by the Trustee in the manner set forth in the Indenture and delivered against due payment therefore, constitute the legal, valid and binding obligations of the Company enforceable in the Cayman Islands in accordance with their terms except and in so far as such enforcement may be limited as hereinafter set forth.

3. The Shares have been duly authorised. When the Shares are issued upon conversion of the Notes in accordance with the terms of the Notes and the Indenture and entered as fully paid on the register of members (shareholders), the Shares will be legally issued and allotted, fully paid and non-assessable.

This opinion is subject to the following qualifications and limitations:

(1) The term "enforceable" as used above means that the obligations assumed by the Company under the relevant instrument are of a type which the courts of the Cayman Islands enforce. It does not mean that those obligations will necessarily be enforced in all circumstances in accordance with their terms. In particular:

(a) enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization, readjustment of debts or moratorium or other laws of general application relating to or affecting the rights of creditors;

(b) enforcement may be limited by general principles of equity - for example, equitable remedies such as specific performance may not be available, inter alia, where damages are considered to be an adequate remedy;

(c) claims may become barred under the statutes of limitation or may be or become subject to defences of set-off, counterclaim, estoppel and similar defences;

(d) where obligations are to be performed in a jurisdiction outside the Cayman Islands, they may not be enforceable in the Cayman Islands to the extent that performance would be illegal under the laws of that jurisdiction;

(e) the Cayman Islands court has jurisdiction to give judgment in the currency of the relevant obligation and statutory rates of interest payable upon judgments will vary according to the currency of the judgment. If the Company becomes insolvent and is made subject to a liquidation proceeding, the Cayman Islands court will require all debts to be proved in a common currency, which is likely to be the "functional currency" of the Company determined in accordance with applicable accounting principles. Currency indemnity provisions have not been tested, so far as we are aware, in the courts of the Cayman Islands;

(f) obligations to make payments that may be regarded as penalties will not be enforceable;

(g) the courts of the Cayman Islands may decline to exercise jurisdiction in relation to substantive proceedings brought under or in relation to the Notes or the Indenture in matters where they determine that such proceedings may be tried in a more appropriate forum; and

(h) a company cannot, by agreement, or in its articles of association, restrict the exercise of a statutory power, and there exists doubt as to enforceability of any provision in the Notes or the Indenture whereby the Company covenants not to exercise powers specifically given to its shareholders by the Companies Law (2003 Revision) of the Cayman Islands, including, without limitation, the power to increase its authorized share capital, amend its Memorandum and Articles of Association, or present a petition to a Cayman Islands court for an order to wind up the Company.

(2) Under the Companies Law (2003 Revision) of the Cayman Islands, the register of members of a Cayman Islands company is by statute regarded as prima facie evidence of any matters which the Companies Law (2003 Revision) directs or authorises to be inserted therein. A third party interest in the shares in question would not appear. An entry in the register of members may yield to a court order for rectification (for example, in the event of fraud or manifest error).

(3) The obligations of the Company under the Notes to any person or body connected with, resident in, incorporated in or constituted under the laws of any country (an "Affected Country") which is currently the subject of United Nations sanctions extended to the Cayman Islands by

Orders in Council, or exercising public functions in any Affected Country or any person or body controlled by any of the foregoing or any person acting on behalf of any of the foregoing or any other person or body as prescribed in such Orders may be subject to restrictions or limitations pursuant to such Orders.

Except as specifically stated herein, we make no comment with respect to any representations and warranties which may be made by or with respect to the Company in any of the documents or other instruments cited in this opinion or otherwise with respect to the commercial terms of the transactions the subject of this opinion.

We hereby consent to filing of this opinion as an exhibit to the Registration Statement and to the reference to our firm under the heading "Exhibits" and "Legal Matters" in the Prospectus included in the Registration Statement. In the giving of our consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Yours faithfully,

/s/ Maples and Calder Asia

MAPLES and CALDER Asia

[LOGO]

10 October, 2003

Maples and Calder Asia
1504 One International Finance Centre
1 Harbour View Street
Hong Kong

Dear Sirs,

NetEase.com, Inc. (the "Company")

I, Denny Lee, being a director of the Company, am aware that you are being asked to provide a legal opinion (the "Opinion") in relation to certain aspects of Cayman Islands law. Capitalised terms used in this certificate have the meaning given to them in the Opinion. I hereby certify that:

1 The Memorandum and Articles of Association of the Company as adopted or registered on 12th May, 2000 remain in full force and effect and are unamended save for the amendments made by special resolution passed on 5th June, 2003.

2 The minutes of the meeting of the board of directors held on 30th June, 2003 (the "Meeting") at which the Agreements and the Offered Securities were approved are a true and correct record of the proceedings of the Meeting which was duly convened and held, at which a quorum was present throughout and at which each director disclosed his interest (if any), in the manner prescribed in the Articles of Association of the Company.

3 The authorised share capital of the Company is US$100,030,000 divided into 1,000,300,000,000 shares of US$0.0001 par value each. The issued and outstanding share capital of the Company is 3,126,540,189 shares of US$0.0001 each, which have been issued and are fully paid up.

4 None of the issued and outstanding shares in the capital of the Company was issued in violation of the preemptive or similar rights of any securityholder of the Company.

5 The shareholders of the Company have not restricted or limited the powers of the directors in any way. There is no contractual or other prohibition (other than as arising under Cayman Islands law) binding on the Company prohibiting it from entering into and performing its obligations under the Agreements and the Offered Securities.

6 The resolutions set forth in the minutes of the Meeting were duly adopted, are in full force and effect at the date hereof and have not been amended, varied or revoked in any respect.

7 The directors of the Company at the date of the Meeting/Resolutions and at the date hereof were and are as follows:

DING, Lei
SUN, Tak Dee Teddy
TONG, Michael Sui Bau
LEE, Ting Bun Denny
LEE, Ronald Shing Wun
LEUNG, Man Kit Michael
TONG, Tze Kay Joseph
DING, Donghua

8 Prior to, at the time of, and immediately following execution of the Agreements the Company was able to pay its debts as they fell due and entered into the Agreements for proper value and not with an intention to defraud or hinder its creditors or by way of fraudulent preference.

9 Each director considers the transactions contemplated by the Agreements and the Notes to be of commercial benefit to the Company and has acted bona fide in the best interests of the Company, and for a proper purpose of the Company in relation to the transactions the subject of the Opinion.

10 To the best of my knowledge and belief, having made due inquiry, the Company is not the subject of any material legal, arbitral, administrative or other proceedings in any jurisdiction. Nor have the directors or shareholders taken any steps to have the Company struck off or placed in liquidation, nor have any steps been taken to wind up the Company. Nor has any receiver been appointed over any of the Company's property or assets.

11 The Company is not a central bank, monetary authority or other sovereign entity of any state.

I confirm that you may continue to rely on this Certificate as being true and correct on the day that you issue the Opinion unless I shall have previously notified you personally (for the attention of Mr. Richard Thorp) to the contrary.

Signature: /s/ Denny Lee

Director

EXHIBIT 10.1

CONFORMED COPY

$ 75,000,000

NETEASE.COM, INC.

Zero Coupon Convertible Subordinated Notes due July 15, 2023

PURCHASE AGREEMENT

July 8, 2003

Credit Suisse First Boston LLC
Eleven Madison Avenue,
New York, N.Y. 10010-3629

Dear Sirs:

1. Introductory. NetEase.com, Inc., a Cayman Islands company (the "Company"), proposes, subject to the terms and conditions stated herein, to issue and sell to Credit Suisse First Boston LLC ("CSFB") U.S.$75,000,000 principal amount of its Zero Coupon Convertible Subordinated Notes due July 15, 2023 (the "Firm Securities") and also proposes to grant to CSFB an option, exercisable from time to time by CSFB, to purchase an aggregate of up to an additional U.S.$25,000,000 principal amount ("Optional Securities") of its Zero Coupon Convertible Subordinated Notes due July 15, 2023, each to be issued under an indenture agreement, dated as of July 14, 2003 (the "Indenture"), between the Company and The Bank of New York, as Trustee. The Firm Securities and the Optional Securities which CSFB may elect to purchase pursuant to Section 3 hereof are herein collectively called the "Offered Securities". The United States Securities Act of 1933, as amended, is herein referred to as the "Securities Act."

The holders of the Offered Securities will be entitled to the benefits of a Registration Rights Agreement of even date herewith among the Company and CSFB (the "Registration Rights Agreement"), pursuant to which the Company agrees to file a registration statement with the United States Securities Exchange Commission (the "Commission") registering the resale of the Offered Securities and the Underlying Shares, as hereinafter defined, under the Securities Act.

The Company hereby agrees with CSFB as follows:

2. Representations and Warranties of the Company. The Company represents and warrants to, and agrees with, CSFB that:

(a) A preliminary offering circular and an offering circular relating to the Offered Securities to be offered by CSFB have been prepared by the Company. Such preliminary offering circular (the "Preliminary Offering Circular") and offering circular (the "Offering Circular"), as supplemented as of the date of this Agreement, together with the documents incorporated by reference in the Preliminary Offering Circular and the Offering Circular, are hereinafter collectively referred to as the "Offering Document". On the date of this Agreement, the Offering Document does not include

any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from the Offering Document based upon written information furnished to the Company by CSFB specifically for use therein, it being understood and agreed that the only such information is that described as such in Section 7(b) hereof. Except as disclosed in the Offering Document, on the date of this Agreement, the Company's Annual Report on Form 20-F most recently filed with the Commission pursuant to the United States Securities Exchange Act of 1934 (the "Exchange Act") does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Such document, when it was filed with the Commission, conformed in all material respects to the requirements of the Exchange Act and the rules and regulations of the Commission thereunder.

(b) The accountants, PricewaterhouseCoopers, who certified the financial statements and supporting schedules, if any, included in the Offering Document, are independent public accountants as required by the Securities Act and the regulations promulgated thereunder.

(c) The consolidated financial statements included in the Offering Document, together with the related notes, present a fair view of the financial position of the Company, its consolidated subsidiaries and controlled entities (taken as a whole, the "Group") at the dates indicated and the results of operations, shareholders' equity and cash flows of the Group for the periods specified; said consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP") applied on a consistent basis throughout the periods involved and as required by the applicable accounting requirements of the Securities Act and the regulations promulgated thereunder. The selected consolidated financial data included in the Offering Document present a fair view of the information shown therein and have been compiled on a basis consistent with that of the audited consolidated financial statements included in the Offering Document. All non-GAAP financial information included or incorporated by reference in the Offering Document complies with the requirements of Regulation G and Item 10 of Regulation G under the Securities Act. Except as disclosed in the Offering Document:

(i) such consolidated financial statements and information make provision in accordance with U.S. GAAP for any bad or doubtful debts and make appropriate provision for (or contain a note in accordance with aforesaid respecting) all taxes and deferred or contingent liabilities, whether liquidated or unliquidated at the date thereof;

(ii) depreciation of fixed assets has been made at rates sufficient to spread the cost over their respective estimated useful lives to the Group; and

(iii) the profits and losses shown by such consolidated financial statements have not in any material respect been affected by any unusual or exceptional item or by any other matter which has rendered such profits or losses unusually high or low.

(d) Since the respective dates as of which information is given in the Offering Document, except as otherwise stated therein, (A) the Group has carried on its business in the ordinary and usual course so as to maintain it as a going concern and in the same manner in all material respects as previously carried on, (B) there has been no material adverse change or any event involving a prospective material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Group whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (C) there have been no transactions entered into by the Company or any other entity of the Group other than those in the ordinary course of business, which are material with respect to the Group, (D) neither the Company nor the Group has incurred,

assumed or acquired any material liability (including contingent liabilities) or obligation, (E) neither the Company nor the Group has acquired or disposed of or agreed to acquire or dispose of any business or any other material asset otherwise than in the ordinary course of business and, for the avoidance of doubt, any transfer at less than the business' or asset's market value shall for these purposes be a transfer otherwise than in the ordinary course of business, (F) there has been no dividend or distribution of any kind declared, paid or made by the Company on any shares in its capital, (G) the Group has continued to pay its creditors in the ordinary course of its business and no debtor has been released by the Company or the Group, to an extent which is material, on terms that such debtor pays less than the book value of the related debt and no debt of a material amount owing to the Company or the Group has been deferred, subordinated or written off or has proven to any extent irrecoverable, and (H) no material indebtedness of any kind has been incurred by or on behalf of the Company or the Group.

(e) The Company has been duly incorporated and is validly existing as an exempted company with legal person status in good standing under the laws of the Cayman Islands and has legal right, power and authority (corporate and other) to own, lease and operate its properties and to conduct its business as described in the Offering Document and to enter into and perform its obligations under this Agreement and each of the other agreements listed as exhibits under Part III, Item 19, "Exhibits" in the Company's Annual Report on Form 20-F most recently filed with the Commission pursuant to the Exchange Act (collectively, the "Material Agreements") to which the Company is a party. The Company is duly registered and qualified to transact business and is in good standing in any jurisdiction (including provincial, municipal or local jurisdictions) in which such registration or qualification or good standing is required, whether by reason of the ownership or leasing of property, the conduct of business or otherwise, except where the failure to so register or qualify or be in good standing would not result in a Material Adverse Effect. The Memorandum and Articles of Association of the Company, as amended, comply with the requirements of the laws of the Cayman Islands and are in full force and effect.

(f) NetEase Information Technology (Beijing) Co., Ltd., a wholly owned subsidiary of the Company ("NetEase Beijing"), has been duly organized and is validly existing as a wholly foreign owned enterprise with legal person status under the laws of the People's Republic of China (the "PRC" or "China") and has legal right, power and authority (corporate and other) to own, lease and operate its properties and to conduct its business as described in the Offering Document and to enter into and perform its obligations under each of the Material Agreements to which it is a party. Each of Guangzhou NetEase Computer System Co., Ltd. ("Guangzhou NetEase") and Beijing Guangyitong Advertising Co., Ltd. ("Guangyitong Advertising") has been duly organized and is validly existing as a company with legal person status under the laws of the PRC and has legal right, power and authority (corporate and other) to own, lease and operate its properties and to conduct its business as described in the Offering Document and to enter into and perform its obligations under each of the Material Agreements to which NetEase Beijing and/or Guangzhou NetEase are/is a party or parties, as the case may be. Each other "significant subsidiaries" of the Company (as such term is defined in Rule 1-02 of Regulation S-X) (including NetEase Beijing, Guangzhou NetEase and Guangyitong Advertising, each a "Subsidiary" and, collectively, the "Subsidiaries") has been duly organized and is validly existing as a corporation under the laws of the jurisdiction of its incorporation and has legal right, power and authority (corporate and other) to own, lease and operate its properties and to conduct its business as described in the Offering Document. Each Subsidiary is duly registered or qualified to transact business and is in good standing in each jurisdiction (including provincial, municipal or local jurisdictions) in which such registration or qualification or good standing is required, whether by reason of the ownership or leasing of property or the conduct of business or otherwise, except where the failure to so register or qualify or be in good standing would not result in a Material Adverse Effect. Except as otherwise disclosed in the Offering Document, all of the issued and outstanding equity interests in each such Subsidiary has been duly authorized and validly issued,

is fully paid and non-assessable and is owned by the Company (except Guangzhou NetEase, which is 80% owned by Mr. William Lei Ding and 20% owned by Mr. Bo Ding, and Guangyitong Advertising, which is 80% owned by Guangzhou NetEase and 20% owned by Mr. Bo Ding), directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; none of the outstanding equity interests in any Subsidiary was issued in violation of the preemptive or similar rights of any securityholder of such Subsidiary. The only subsidiaries of the Company are the subsidiaries listed on Schedule A hereto.

(g) The authorized, issued and outstanding shares of the Company are as set forth in the Offering Document in the columns entitled "Actual" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to this Agreement, pursuant to reservations, agreements or employee benefit plans referred to in the Offering Document or pursuant to the exercise of convertible securities or options referred to in the Offering Document). The issued and outstanding shares of the Company have been duly authorized and validly issued and are fully paid and non-assessable; the holders of outstanding shares of the Company are not entitled to preemptive or other rights to acquire the ordinary shares, par value U.S.$0.0001, of the Company (the "Ordinary Shares") or American Depositary Receipts (the "ADRs"), except for rights that terminate upon the closing of the offering; none of the outstanding shares of the Company was issued in violation of the preemptive or other similar rights of any securityholder of the Company. Except as disclosed in the Offering Document, there are no outstanding securities convertible into, repayable with or exchangeable for, or warrants or rights to purchase from the Company, Ordinary Shares, ADRs or any other shares of the Company nor are there any obligations of the Company to allot, issue or transfer, the Offered Securities; the Offered Securities are freely transferable by the Company to or for the account of CSFB, and (to the extent described in the Offering Document) the initial purchasers thereof; and there are no restrictions on subsequent transfers of the Offered Securities under the laws of the Cayman Islands, PRC or the United States, except to the extent that any of the Offered Securities are purchased by an "affiliate" of the Company, as such term is defined in Rule 144 under the Securities Act.

(h) This Agreement and the Registration Rights Agreement have been duly authorized, executed and delivered by the Company.

(i) The deposit agreement (the "Deposit Agreement"), among the Company, The Bank of New York, as depositary (the "Depositary"), and the holders from time to time of the ADRs issued under the Deposit Agreement and evidencing the American Depository Shares issued under the Deposit Agreement and representing Ordinary Shares (the "American Depositary Shares"), has been duly authorized, executed and delivered by the Company and, assuming due authorization, execution and delivery by the Depositary, constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its terms subject as to enforcement to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights generally and to general equity principles.

(j) Each Material Agreement has been duly authorized, executed and delivered by the parties thereto and constitutes a valid and legally binding obligation of each such party, enforceable in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights generally and to general equity principles.

(k) The Indenture has been duly authorized; the Offered Securities have been duly authorized; and when the Offered Securities are delivered and paid for pursuant to this Agreement on the Closing Date (as defined below), the Indenture will have been duly executed and delivered, such Offered Securities will have been duly executed, authenticated, issued and delivered and will conform to the description thereof contained in the Offering Document and the Indenture and such Offered

Securities will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(l) When the Offered Securities are delivered and paid for pursuant to this Agreement on the Closing Date, such Offered Securities will be convertible into the Ordinary Shares ("Underlying Shares") of the Company in accordance with the terms of the Indenture; the Underlying Shares initially issuable upon conversion of such Offered Securities have been duly authorized and reserved for issuance upon such conversion and, when issued upon such conversion, will be validly issued, fully paid and nonassessable; the outstanding Underlying Shares have been duly authorized and validly issued, are fully paid and nonassessable and conform to the description thereof contained in the Offering Document; and the shareholders of the Company have no preemptive rights with respect to the Offered Securities or the Underlying Shares.

(m) Except as disclosed in the Offering Document, under current laws and regulations of the Cayman Islands or the PRC and any political subdivision thereof, all interest, principal, premium, if any, and other payments due or made on the Offered Securities and dividends and other distributions declared and payable on the Underlying Shares issuable upon conversion thereof may be paid by the Company to the holder thereof in United States dollars or that may be converted into foreign currency and freely transferred out of the Cayman Islands or the PRC and all such payments made to holders thereof who are non-residents of the Cayman Islands or the PRC will not be subject to income, withholding or other taxes under laws and regulations of the Cayman Islands or the PRC or any political subdivision or taxing authority thereof or therein and will otherwise be free and clear of any other tax, duty, withholding or deduction in the Cayman Islands or the PRC or any political subdivision or taxing authority thereof or therein and without the necessity of obtaining any governmental authorization in the Cayman Islands or the PRC or any political subdivision or taxing authority thereof or therein.

(n) Neither the Company nor any entity of the Group is in violation of its Memorandum and Articles of Association or similar or other constituent or organizational documents or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which it is a party or by which it may be bound, or to which any of its property or assets is subject (collectively, "Agreements and Instruments") except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of each of this Agreement, the Indenture, the Offered Securities, the Registration Rights Agreement and the Material Agreements and the consummation by the Company or any other entity of the Group of the transactions contemplated in this Agreement, the Indenture, the Offered Securities, the Registration Rights Agreement and the Material Agreements and compliance by the Company and any entity of the Group with their obligations under this Agreement, the Indenture, the Offered Securities, the Registration Rights Agreement and the Material Agreements have been duly authorized by all necessary corporate action and received all required or necessary approvals from any governmental or regulatory body and do not and will not, whether with or without the giving of notice or passage or time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Group pursuant to, the Agreements and Instruments (except for such conflicts, breaches or defaults or liens, charges or encumbrances that would not result in a Material Adverse Effect), nor will such action result in any violation of (i) the provisions of the Memorandum and Articles of Association, or business license or similar or other constituent or organizational document or by-laws of the Company or any entity of the Group or (ii) any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government

instrumentality or court, domestic or foreign, having jurisdiction over the Company or the Group or any of their assets, properties or operations. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any entity of the Group. All guarantees of any indebtedness of the Company or any entity of the Group are in full force and effect. No facts or circumstances exist whereby any person is, or would with the giving of notice and/or lapse of time, become entitled to require payment of any material indebtedness in respect of borrowed monies of the Company or such entity before its stated maturity. So far as the Company and the Group are aware, no event has occurred and is subsisting or is about to occur which constitutes or would reasonably be expected to constitute a material default or result in the acceleration by reason of default of any obligation, under any Agreements and Instruments which would in any such case, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(o) No labor dispute or other conflict with employees of the Group exists or is imminent and the Company is not aware of any existing or imminent labor disturbance by employees of any of the Group's principal suppliers, customers or contractors, which, in either case, would reasonably be expected to result in a Material Adverse Effect. There are no facts or circumstances in existence which would reasonably be expected to give rise to any such dispute or disturbance which would reasonably be expected to result in a Material Adverse Effect. Other than as disclosed in the Offering Document, the Group does not have any legal obligation to provide retirement benefits, death or disability benefits to any of its present or past employees.

(p) There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending, or threatened, against or affecting the Company or the Group, which is required to be disclosed in the Offering Document if the Offering Document were a prospectus included in a registration statement on Form F-1 under the Securities Act (other than as disclosed therein), or which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the properties or assets of the Company or the Group or the consummation of the transactions contemplated in any of this Agreement, the Registration Rights Agreement or the Material Agreements or the performance by the Company or the Group of its obligations hereunder or thereunder. So far as the Company is aware, there are no facts or circumstances in existence which would reasonably be expected to give rise to any such actions, suit, proceeding, inquiry or investigation; the aggregate of all pending legal or governmental proceedings to which the Company or any entity of the Group is a party or of which any of their respective property or assets is the subject which are not described in the Offering Document, including ordinary routine litigation incidental to the business conducted by the Group, could not reasonably be expected to result in a Material Adverse Effect.

(q) There are no legal or governmental proceedings, statues, contracts or documents that are required to be described in the Offering Document, if the Offering Document were a prospectus included in a registration statement on Form F-1 under the Securities Act, which have not been so described. The description in the Offering Document of statutes, legal and governmental proceedings and contracts and other documents is accurate and presents the information required to be shown in all material respects if the Offering Document were a prospectus included in a registration statement on Form F-1 under the Securities Act. The Offering Document will contain, when issued, all information and particulars required to comply with all statutory and other provisions (including, without limitation, the relevant laws and regulations of the Cayman Islands and the PRC) so far as applicable, which is material for the purpose of making an informed decision on investment in the Offered Securities. Except as may be provided herein and as may be disclosed in the Offering Document, there are no contracts, agreements or understandings between the Company or the Group

and any person that would give rise to a claim against the Company, any entity of the Group or CSFB for a brokerage commission, finder's fee or other like payment in connection with the issuance and sale of the Offered Securities except for those which have been set forth in the Offering Documents. Except as disclosed in the Offering Document, the minutes of the meetings of shareholders and directors of the Company contain no information which is material for disclosure in the Offering Document and which has not been so disclosed.

(r) Except as disclosed in the Offering Document, the Group owns, possesses or otherwise has the legal right to use, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedure), trademarks, service marks, trade names (including the "NetEase" name and logo in English and in Chinese) or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by it, and neither the Company nor any entity of the Group has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or the Group therein, and which infringement or conflict (if the subject of an unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Effect.

(s) No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency or Nasdaq National Market is necessary or required for the performance by the Company of its obligations under this Agreement, the Indenture, the Offered Securities, the Registration Rights Agreement and the Material Agreements to which it is a party, in connection with the offering, issuance or sale of the Offered Securities under this Agreement or the consummation of the transactions contemplated by this Agreement, the Indenture, the Offered Securities, the Registration Rights Agreement and the Material Agreements, except (i) such as have been already filed or obtained or as may be required under the Securities Act or the regulations promulgated thereunder and under the United States state and other foreign securities or blue sky laws, (ii) such as have been obtained under the laws and regulations of jurisdictions outside the Untied States in which the Offered Securities are offered, and (iii) such as may be required under the rules and regulations of the NASD.

(t) Except as described in the Offering Document, the Group possesses such permits, licenses, approvals, consents and other authorizations, including, but not limited to, the Internet content provider license held by Guangzhou NetEase and the advertising license held by Guangyitong Advertising (collectively, "Governmental Licenses") issued by, and has made all declarations and filings with, the appropriate regulatory agencies or bodies required or necessary for the authorization, execution and delivery by the Group of any of this Agreement, the Indenture, the Offered Securities, the Registration Rights Agreement or the Material Agreements or necessary to conduct the business in substantially the manner described in the Offering Document; the Group is in compliance with the terms and conditions of all such Governmental Licenses (none of which contains materially burdensome restrictions or conditions not described in the Offering Document), except where the failure so to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse Effect; and neither the Company nor any entity of the Group has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses or has any reason to believe that any such Governmental License will be revoked, modified or suspended which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(u) Except as disclosed in the Offering Document, neither the Company nor any of its subsidiaries is in violation of any statute, any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "environmental laws"), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim would individually or in the aggregate have a Material Adverse Effect; and the Company is not aware of any pending investigation which might lead to such a claim.

(v) The Group has good and marketable title to all real property owned by it and good title to all other properties owned by it, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are described in the Offering Document or (b) do not, singly or in the aggregate, materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any entity of the Group; and all of the leases and subleases material to the business of the Group and under which the Group holds properties described in the Offering Document are in full force and effect, and neither the Company nor any entity of the Group has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or the Group under any of the leases or subleases mentioned above, or affecting or questioning its rights to the continued possession of the leased or subleased properties under any such lease or sublease and neither the Company nor any entity of the Group is aware of any facts or circumstances which would reasonably be expected to give rise to such a claim of material importance. The Group does not own, operate or manage or have any other material right or interest, directly or indirectly, in any other property of any kind except for that disclosed in the Offering Document.

(w) The Company is currently subject to the reporting requirements of Section 13 of the Exchange Act and files reports with the Commission on the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system.

(x) The Company is not an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the United States Investment Company Act of 1940 (the "Investment Company Act"); and the Company is not, and after giving effect to the transactions contemplated by the Purchase Agreement and the Offering Document and the application of the net proceeds therefrom as described in the Offering Document, will not be, required to register as an "investment company", as such term is defined in the Investment Company Act.

(y) Based on the Company's projected income and assets (including goodwill), which the Company believes to be reasonable, the nature of the Company's business and assets and taking into account the receipt of proceeds from the offerings contemplated by this Agreement, the Company believes that it will not be classified as a "passive foreign investment company" ("PFIC") as defined in Section 1297(a) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), including the regulations and rulings and interpretations thereunder, for its current taxable year, and does not expect to become a passive foreign investment company in the future.

(z) Except as described in the Offering Document, there are no persons with registration rights or other similar rights to have any securities registered under the Securities Act, except pursuant to the Registration Rights Agreement.

(aa) Each of the Company and other entities of the Group has filed all tax returns that are required to be filed or has duly requested extensions thereof and all such returns are up to date and correct and on a proper basis in all material respects, and has paid all taxes required to be paid by it and any related assessments, charges, levies, fines or penalties, except for any such taxes, assessments, charges, levies, fines or penalties that are being contested in good faith and by appropriate proceedings or that are not material in amounts; and there is no proposed tax deficiency, assessment, charge, levy, fine or penalty against it as to which a reserve would be required to be established under U.S. GAAP which has not been so reserved or which is required to be disclosed in the Offering Document which has not been so disclosed and so far as the Company is aware, there are no facts or circumstances in existence which would reasonably be expected to give rise to any such deficiency, assessment, charge, levy, fine or penalty; except as otherwise explicitly stated in the Offering Document, adequate charges, accruals and reserves, to the extent required under U.S. GAAP, have been provided for in the financial statements referred to in Section 2(c) hereof in respect of all Cayman Islands, PRC, U.S. and other taxes for all periods as to which the tax liability of the Company or any such entity has not been finally determined or remains open to examination by applicable taxing authorities. The Company is currently subject to such income taxes as are disclosed in the Offering Document. Except as set forth in the Offering Document, the Company is not otherwise subject to any tax on its income, sales or turnover.

(bb) Each of the Company and other entities of the Group (A) makes, keeps and prepares books, records and accounts in compliance with the applicable laws which, in reasonable detail, accurately and fairly reflect transactions and dispositions of its assets and (B) has devised and maintained a system of internal and accounting controls which provide reasonable assurance that (a) transactions are executed in accordance with management's general or specific authorization, (b) transactions are recorded as necessary (i) to permit preparation of financial statements in conformity with generally accepted accounting principles and (ii) to maintain accountability for assets, (c) access to assets is permitted only in accordance with management's general or specific authorization, and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. These reports provide the basis for the preparation of the Company's consolidated financial statements under U.S. GAAP included in the Offering Document.

(cc) Except as disclosed in the Offering Document, no transaction, stamp, capital, transfer, issuance, registration or other similar taxes or duties and no capital gains, income, withholding or similar taxes are payable with respect to (a) the issuance, sale and delivery by the Company of any Offered Securities to CSFB pursuant to this Agreement and the Offering Document, (b) the initial sale and delivery by CSFB of such Offered Securities to purchasers thereof in connection with the offering contemplated by this Agreement, (c) the holding or transfer of the Offered Securities outside the Cayman Islands and the PRC (d) the execution and delivery of this Agreement, the Indenture, the Offered Securities, the Registration Rights Agreement or any Material Agreement.

(dd) The description set forth in the Offering Document and under Part I, Item 7.B., "Related Party Transactions" in the Company's Annual Report on Form 20-F most recently filed with the Commission pursuant to the Exchange Act, of the events and transactions contemplated by the Material Agreements (the "Events and Transactions") is true and correct in all material respects. All consents, approvals, authorizations, orders, registrations and qualifications required in the Cayman Islands and the PRC in connection with the Events and Transactions have been made or obtained in writing and are in full force and effect, and no such consent, approval, authorization, order, registration or qualification is subject to any condition precedent which has not been fulfilled or performed, except in each case where such failure would not result in a Material Adverse Effect. There are no pending legal or governmental proceedings challenging the

effectiveness or validity of any of the Events and Transactions and, to the knowledge of the Company and its directors and executive officers, no such proceedings are threatened or contemplated by any governmental authorities in the PRC or elsewhere.

(ee) Except as disclosed in the Offering Document, the Company is not a party to any joint venture contract or shareholders' agreement. Neither the Company nor any other entity of the Group has taken any action, nor have there been any legal, legislative, or administrative proceedings started or threatened, (a) to wind up or dissolve the Company or such entity or (b) to withdraw, revoke or cancel any Governmental Licenses of the Company or such entity. Except as disclosed in the Offering Document, neither the Company nor any other entity of the Group acts or carries on business in partnership with any other person and is a member of any corporate or unincorporated body, undertaking or association pursuant to which it is liable on any share or security which is not fully paid up or which carries any liability. Except as disclosed in the Offering Document, the Company has no branch, agency, place of business or permanent establishment inside or outside the PRC. The Group's only material business activities and material assets or liabilities (actual, contingent or otherwise) are related solely to the businesses presently conducted by the Group as described in the Offering Document.

(ff) Except as disclosed in the Offering Document, no material indebtedness (actual or contingent) and no material contract or arrangement is outstanding between the Company and any director or executive officer of the Company or any person connected with such director or executive officer (including his/her spouse, infant children, any company or undertaking in which he/she holds a controlling interest). There are no relationships or transactions between the Company on the one hand and its affiliates, officers and directors or their shareholders, customers or suppliers on the other hand which, although required to be disclosed, are not disclosed in the Offering Document.

(gg) The business, undertakings, properties and assets of the Group are insured in amounts customary for the Company's business against all such risks as are normally insured by persons carrying on similar businesses as those carried on by the Group and such insurances include all the insurances which any entity of the Group is required under terms of any lease or any contract in respect of any of its properties to undertake except where the failure of the Group to obtain such insurance under such leases or contracts would not have a Material Adverse Effect, and such insurances and all other insurances undertaken by other parties pursuant to the terms of any contracts made between such parties and any entity of the Group in respect of any of its respective properties are in full force and effect and, so far as the Company is aware, there are no circumstances which would reasonably be expected to render any of such insurances void or voidable and there is no material insurance claim made by or against the Company or any entity of the Group, pending, threatened or outstanding and so far as the Company is aware, no facts or circumstances exist which would reasonably be expected to give rise to any such claim and all premiums due and payable in respect thereof have been paid.

(hh) The American Depositary Shares representing certain of the Company's Underlying Shares have been authorized for listing on the Nasdaq National Market under the symbol "NTES".

(ii) Neither the Company nor any entity of the Group has (A) taken, or will take, directly or indirectly, any action which is designed to or which constitutes or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Offered Securities, or (B) sold, bid for, purchased or paid anyone any compensation for soliciting purchases of, the Offered Securities or (C) since the date of the Preliminary Offering Circular, paid or agreed to pay to any person any

compensation for soliciting another to purchase any other securities of the Company. Without limiting the foregoing, neither the Company or any entity of the Group nor, to the best of its knowledge, any of its affiliated purchasers (as defined in Regulation M under the United States Exchange Act) has, directly or indirectly, either alone or with one or more other persons, bid for or purchased, for any account in which the Company or any such entity nor any of their affiliated purchasers has a beneficial interest, any Offered Securities, any instruments representing interests in, or the right to receive, any Offered Securities or any right to purchase any Offered Securities or any securities into which any Offered Securities may be converted, exchanged or exercised or which may in whole or in significant part determine the value of the Offered Securities (collectively, the "Subject Securities") or attempted to induce any person to bid for or purchase any Subject Securities except to the extent otherwise permitted by Regulation M under the Exchange Act; and neither they nor any of their affiliated purchasers have made bids or purchases for the purpose of creating actual or apparent active trading in, or of raising the price of, the Subject Securities.

(jj) Neither the Company nor any director, officer, agent, employee or other person associated with or acting on behalf of the Company is using any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses, is making any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, or is in violation of any provision of the United States Foreign Corrupt Practices Act of 1977, or is making any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(kk) Except as set forth in the Offering Document, neither the Company nor any entity of the Group is in violation of any applicable law, statute, ordinance, rule, regulation or administrative or court order or decree to which it is subject except where such violation, singly or in the aggregate, would not have a Material Adverse Effect.

(ll) The choice of the law of the State of New York as the governing law of this Agreement is a valid choice of law under the laws of the Cayman Islands and the PRC and will be honored by courts in the Cayman Islands and the PRC. The Company has the power to submit, and pursuant to Section 12 of this Agreement, has legally, validly, effectively and irrevocably submitted, to the non-exclusive personal jurisdiction of each United States federal court and New York state court located in the Borough of Manhattan in The City of New York, New York, U.S.A. (each, a "New York Court" and collectively, the "New York Courts") in any suit, action or proceeding against it arising out of or related to this Agreement or with respect to its obligations, liabilities or any other matter arising out of or in connection with the sale of any Offered Securities by the Company to CSFB under this Agreement and has validly and irrevocably waived any objection to the venue of a proceeding in any such court; and the Company has the power to designate, appoint and empower, and pursuant to Section 12 of this Agreement, has legally, validly, effectively and irrevocably designated, appointed and empowered, the Authorized Agent (as defined in Section 12 hereof) for service of process in any action arising out of or relating to this Agreement or the Offered Securities in any New York Court, and service of process effected on such Authorized Agent will be effective to confer valid personal jurisdiction over the Company as provided in Section 12 hereof.

(mm) Except as described in the Offering Document, any final judgment for a fixed or readily calculable sum of money rendered by a New York Court having jurisdiction under its own domestic laws in respect of any suit, action or proceeding against the Company based upon this Agreement, the Indenture, the Offered Securities, the Registration Rights Agreement and any instruments or agreements entered into for the consummation of the transactions contemplated herein and therein would be declared enforceable against the Company without reexamination or

review of the merits of the cause of action in respect of which the original judgment was given or relitigation of the matters adjudicated upon or payment of any stamp, registration or similar tax or duty (A) by the courts of the Cayman Islands, provided that the judgment is final, for a liquidated sum not in respect of taxes or as a fine or penalty, and which was not obtained in a manner, and is not of a kind the enforcement of which is, contrary to the public policy of the Cayman Islands, and (B) by the courts of the PRC, provided that (a) the judgment was not contrary to the public policy, state sovereignty or security of the PRC, (b) the judgment was not given or obtained by fraud, (c) the judgment was not based on clear mistake of law or fact, (d) the judgment was not directly or indirectly for the payment of taxes or other charges of a like nature or of a fine or other penalty, (e) the judgment was for a definite sum of money, (f) the judgment was final and conclusive, (g) adequate service of process has been effected and the defendant has had a reasonable opportunity to be heard, (h) such judgments do not conflict with any other valid judgment in the same matter between the same parties, and (i) an action between the same parties in the same matter is not pending in any PRC court at the time the lawsuit is instituted in the New York Court. The Company is not aware of any reason why the enforcement in the Cayman Islands or the PRC of such a New York Court judgment would be, as of the date hereof, contrary to public policy of the Cayman Islands or contrary to the public policy, state sovereignty or security of the PRC.

(nn) It is not necessary under the laws of the Cayman Islands in order to enable CSFB to enforce their respective rights under this Agreement, the Indenture, the Offered Securities and the Registration Rights Agreement or to enable a subsequent purchaser of the Offered Securities or an owner of any interest therein to enforce its rights under the Offered Securities or the Registration Rights Agreement, as the case may be, that CSFB, subsequent purchaser or owner should, be licensed, qualified or otherwise entitled to carry on business in the Cayman Islands; this Agreement, the Indenture, the Offered Securities, and the Registration Rights Agreement are in proper legal form under the laws of the Cayman Islands for the enforcement thereof against the Company.

(oo) Each of Messrs. William Lei Ding and Bo Ding is a citizen of the PRC, excluding Taiwan, Hong Kong SAR and Macau SAR, and no application is pending in any other jurisdiction by him or on his behalf for naturalization or citizenship thereof.

(pp) No securities of the same class (within the meaning of Rule 144A(d)(3) under the Securities Act) as the Offered Securities are listed on any national securities exchange registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system.

(qq) Assuming the accuracy of the representations and warranties contained in Section 4 (and compliance with the covenants contained therein), the offer and sale of the Offered Securities in the manner contemplated by this Agreement will be exempt from the registration requirements of the Securities Act by reason of Section 4(2) thereof; and it is not necessary to qualify an indenture in respect of the Offered Securities under the United States Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

(rr) The Company has not entered and will not enter into any contractual arrangement with respect to the distribution of the Offered Securities except for this Agreement.

3. Purchase, Sale and Delivery of Offered Securities. On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Company agrees to sell to CSFB, and CSFB agrees to purchase from the Company, at a purchase price of 97.5% of the principal amount thereof, U.S.$75,000,000 principal amount of Firm Securities.

The Company will deliver against payment of the purchase price the Firm Securities in the form of one or more permanent global securities in definitive form (the "Firm Global Securities") deposited with the Trustee as custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee for DTC. Interests in any permanent global securities will be held only in book-entry form through DTC, except in the limited circumstances described in the Offering Document.

Payment for the Firm Securities shall be made by CSFB in Federal (same day) funds by wire transfer to an account at a bank designated by the Company and reasonably acceptable to CSFB at 9:30 A.M., (New York City time), on July 14, 2003, or at such other time not later than seven full business days thereafter as CSFB and the Company determine, such time being herein referred to as the "First Closing Date", against delivery to the Trustee as custodian for DTC of (i) the Firm Global Securities representing all of the Firm Securities. The closing will take place at the office of Davis Polk & Wardwell, The Hong Kong Club Building, 3A Chater Road, Hong Kong. The Firm Global Securities will be made available for checking at the above office of Davis Polk & Wardwell at least 24 hours prior to the First Closing Date.

In addition, upon written notice from CSFB given to the Company from time to time not more than 30 days subsequent to the date of this Agreement, CSFB may purchase all or less than all of the Optional Securities at the purchase price per principal amount of Offered Securities (including any accrued interest thereon to the related Optional Closing Date, as hereinafter defined) to be paid for the Firm Securities. The Company agrees to sell to CSFB the principal amount of Optional Securities specified in such notice and CSFB agrees to purchase such Optional Securities. No Optional Securities shall be sold or delivered unless the Firm Securities previously have been, or simultaneously are, sold and delivered. The right to purchase the Optional Securities or any portion thereof may be exercised from time to time and to the extent not previously exercised may be surrendered and terminated at any time upon notice by CSFB to the Company.

Each time for the delivery of and payment for the Optional Securities, being herein referred to as the "Optional Closing Date", which may be the First Closing Date (the First Closing Date and each Optional Closing Date, if any, being sometimes referred to as a "Closing Date"), shall be determined by CSFB but shall not be later than seven full business days after written notice of election to purchase Optional Securities is given.

The Company will deliver against payment of the purchase price the Optional Securities being purchased on each Optional Closing Date in the form of one or more permanent global securities in definitive form (each, an "Optional Global Security") deposited with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee for DTC. Payment for such Optional Securities shall be made by CSFB in Federal (same day) funds by wire transfer to an account at a bank designated by the Company and reasonably acceptable to CSFB, against delivery to the Trustee as custodian for DTC of the Optional Global Securities representing all of the Optional Securities being purchased on such Optional Closing Date. CSFB will not exercise the right to purchase Optional Securities or sell Optional Securities on or after the thirteenth (13/th/) day after the day of delivery of the Firm Securities in a way which will create more than a de-minimis amount of original issue discount under the Code to holders of such securities.

4. Representations by CSFB; Resale by CSFB. (a) CSFB represents and warrants to the Company that it is an "accredited investor" within the meaning of Regulation D under the Securities Act.

(b) CSFB acknowledges that the Offered Securities have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act. CSFB represents and agrees that it has offered and sold the Offered Securities, and will offer and sell the Offered Securities only in accordance with Rule 144A under the Securities Act ("Rule 144A"). Accordingly, neither CSFB nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts with respect to the Offered

Securities, and CSFB, its affiliates and all persons acting on its or their behalf have complied and will comply with the offering restrictions requirements of Rule 144A.

(c) CSFB agrees that it and each of its affiliates has not entered and will not enter into any contractual arrangement with respect to the distribution of the Offered Securities except with the prior written consent of the Company.

(d) CSFB understands that no action has been taken or will be taken by the Company that would permit a public offering of the Offered Securities, or possession or distribution of the Offering Document or any other offering or publicity material relating to the Offered Securities, in any country or jurisdiction where action for that purpose is required.

(e) CSFB agrees that it and each of its affiliates will not offer or sell the Offered Securities in the United States by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act, including, but not limited to (i) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or (ii) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising. CSFB agrees, with respect to resales made in reliance on Rule 144A of any of the Offered Securities, to deliver either with the confirmation of such resale or otherwise prior to settlement of such resale a notice to the effect that the resale of such Offered Securities has been made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

5. Certain Agreements of the Company. The Company agrees with CSFB that:

(a) The Company will advise CSFB promptly of any proposal to amend or supplement the Offering Document and will not effect such amendment or supplementation without the consent of CSFB, which consent will not be unreasonably withheld or delayed. If, at any time prior to the completion of the resale of the Offered Securities by CSFB, any event occurs as a result of which the Offering Document as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Company promptly will notify CSFB of such event and promptly will prepare, at its own expense, an amendment or supplement which will correct such statement or omission. Neither the consent of CSFB to, nor CSFB's delivery to offerees or investors of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 6.

(b) The Company will furnish to CSFB copies of any Preliminary Offering Circular, the Offering Circular and all amendments and supplements to such documents, including the documents incorporated therein by reference, in each case as soon as available and in such quantities as CSFB requests, and the Company will furnish to CSFB on the date hereof three copies of the Offering Circular signed by a duly authorized officer of the Company, one of which will include the independent accountants' reports therein manually signed by such independent accountants. At any time when the Company is not subject to Section 13 or 15(d) of the Exchange Act and is not exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, the Company will promptly furnish or cause to be furnished to CSFB and, upon request of holders and prospective purchasers of the Offered Securities, to such holders and purchasers, copies of the information required to be delivered to holders and prospective purchasers of the Offered Securities pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto) in order to permit compliance with Rule 144A in connection with resales by such holders of the Offered Securities. The Company will pay the expenses of printing and distributing to CSFB all such documents.

(c) The Company will use commercially reasonable efforts to arrange for the qualification of the Offered Securities for sale and the determination of their eligibility for investment under the "blue sky" laws of such jurisdictions in the United States as CSFB designates and will continue such qualifications in effect so long as required for the resale of the Offered Securities by CSFB, provided that the Company will not as a result thereof be required to qualify as a foreign corporation, to file a general consent to service of process, or to subject itself to taxation in respect of doing business, in such jurisdiction.

(d) During the period of five years hereafter, the Company will furnish to CSFB, as soon as practicable after the end of each fiscal year, a copy of its annual report to shareholders for such year; and the Company will furnish to CSFB, as soon as available, a copy of each report or financial statement furnished to or filed with the Commission or any securities exchange on which any class of securities of the Company is listed. During the period of six months hereafter, the Company will furnish to CSFB, from time to time, such other information concerning the Company as CSFB may reasonably request.

(e) During the period of two years after the later of the First Closing Date and the last Optional Closing Date, the Company will, upon request, furnish to CSFB and any holder of Offered Securities a copy of the restrictions on transfer applicable to the Offered Securities.

(f) During the period of two years after the later of the First Closing Date and the last Optional Closing Date, the Company will not, and will not permit any of its affiliates (as defined in Rule 144 under the Securities Act) to, resell any of the Offered Securities that have been reacquired by any of them.

(g) During the period of two years after the later of the First Closing Date and the last Optional Closing Date, the Company will not be or become an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the Investment Company Act.

(h) The Company will pay all expenses (together with VAT where applicable) incidental to the performance of its obligations under this Agreement, the Indenture and the Registration Rights Agreement including (i) the fees and expenses of the Trustee and its professional advisers; (ii) all expenses in connection with the execution, issue, authentication, packaging and initial delivery of the Offered Securities, the preparation and printing of this Agreement, the Registration Rights Agreement, the Offered Securities and the Indenture; (iii) the cost of qualifying the Offered Securities for trading in PORTAL and any expenses incidental thereto; (iv) the cost of any advertising approved by the Company in connection with the issue of the Offered Securities; (v) for any expenses (including fees and disbursements of its counsel) incurred in connection with qualification of the Offered Securities for sale under the laws of such jurisdictions in the United States as CSFB designates and the printing of memoranda relating thereto; and (vi) for expenses incurred in distributing the Preliminary Offering Circular and the Offering Circular and all amendments and supplements to such documents, including the documents incorporated therein by reference, to CSFB. The Company will also pay for all travel expenses of the Company's officers and employees and any other expenses of the Company in connection with attending or hosting meetings with prospective purchasers of the Offered Securities from CSFB. However, CSFB will pay (i) all expenses in connection with the printing of the Offering Document and (ii) all of its costs and expenses, including fees and disbursements of its counsel. In addition to the foregoing, CSFB will pay to the Company on the First Closing Date the sum of U.S.$50,000 as a non-accountable reimbursement of the Company's expenses. Such amount may be added to the purchase price for the Offered Securities set forth in Section 3 hereof.

(i) In connection with the offering, until CSFB shall have notified the Company of the completion of the resale of the Offered Securities, neither the Company nor any of its affiliates has or will, either alone or with one or more other persons, bid for or purchase for any account in which it or any of its affiliates has a beneficial interest any Offered Securities or attempt to induce any person to purchase any Offered Securities; and neither it nor any of its affiliates will make bids or purchases for the purpose of creating actual, or apparent, active trading in, or of raising the price of, the Offered Securities.

(j) For a period of 90 days after the date of the initial offering of the Offered Securities by CSFB, the Company will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Commission a registration statement under the Securities Act relating to, (i) any Ordinary Shares or (ii) any United States dollar-denominated debt securities issued or guaranteed by the Company and having a maturity of more than one year from the date of issue or (iii) any Ordinary Shares of the Company or securities convertible into or exchangeable or exercisable for Ordinary Shares of the Company, including American Depositary Shares, warrants or other rights to purchase Ordinary Shares of the Company, or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, without the prior written consent of CSFB, except as required by the Registration Rights Agreement and except for issuances of Ordinary Shares pursuant to the conversion or exchange of convertible or exchangeable securities or the exercise of warrants or options, in each case outstanding on the date hereof or grants of employee stock options pursuant to the terms of a plan in effect on the date hereof. The Company will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances where such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(2) of the Securities Act to cease to be applicable to the offer and sale of the Offered Securities. Notwithstanding anything to the contrary herein, this Agreement shall not in any way restrict or limit the Company's ability to purchase 27,142,000 Ordinary Shares from Best Alliance Profits Limited, an affiliate of The News Corporation Limited, following the date hereof.

(k) Within five (5) days of the First Closing Date, the Company will file or record with, or pay stamp, registration or similar taxes or duties to, such court, authority or agency of the Cayman Islands as necessary to ensure the legality, validity enforceability or admissibility in evidence of this Agreement, the Indenture, the Offered Securities, or the Registration Rights Agreement in the Cayman Islands. The Company will indemnify and hold harmless CSFB against any documentary, stamp or similar transfer or issue tax, or fees, including any interest and penalties, which are or may be required to be paid on or in connection with (A) the creation, issuance, sale and delivery by the Company of any Offered Securities to CSFB pursuant to this Agreement and the Offering Document, (B) the initial sale and delivery by CSFB of such Offered Securities to purchasers thereof, (C) the holding or transfer of the Securities outside the Cayman Islands and the PRC, and (D) the execution and delivery of this Agreement, the Indenture, the Offered Securities, the Registration Rights Agreement or any Material Agreement. All payments to be made by the Company hereunder shall be made without withholding or deduction for or on account of any present or future taxes, duties or governmental charges whatsoever unless the Company is compelled by law to deduct or withhold such taxes, duties or charges. In that event, the Company shall pay such additional amounts as may be necessary in order that the net amounts received after such withholding or deduction shall equal the amounts that would have been received if no withholding or deduction had been made.

(l) The Company agrees that, except as disclosed in the Offering Document and except for those which are not material to the Company, prior to the later of the First Closing Date and the last Optional Closing Date, it will not incur any liabilities or enter into any material agreements (except in the ordinary course of its business or as contemplated in the Offering Document) without the prior written consent of CSFB.

(m) The Company will ensure, or cause to ensure, (A) that the Group will possess all of the Governmental Licenses to the extent required or necessary for the operation of the businesses as presently conducted and as may be conducted from time to time by the Group and for the consummation of the transactions contemplated in the Material Agreements, will remain in compliance with the terms and conditions of all such Governmental Licenses, and will maintain the validity and effectiveness of any Governmental Licenses so required or necessary, (B) that NetEase Beijing will maintain its status as a PRC foreign invested entity and will obtain and maintain its classification as a "high-tech" company in the PRC, to the extent required or necessary for the operation of the business as presently conducted and as may be conducted from time to time by the Group without any Material Adverse Effect, and (C) the Group will comply with the relevant laws, rules and regulations required or necessary for the holders of the Offered Securities to continue to be entitled to their rights specified therein and in the Deposit Agreement.

(n) The Company shall cause the Material Agreements to remain valid and in full force and effect for so long as required or necessary for the operation of the businesses as presently conducted and as may be conducted from time to time by the Group without any Material Adverse Effect.

(o) The Company shall use commercially reasonable efforts to cause each of Mssrs. William Lei Deng and Bo Ding to remain a citizen of the PRC, excluding Taiwan, Hong Kong SAR and Macau SAR for as long as such PRC citizenship is required or necessary under PRC laws and regulations for the business operations of the Company as currently conducted without any Material Adverse Effect.

6. Conditions of the Obligations of CSFB. The obligations of CSFB to purchase and pay for the Firm Securities on the First Closing Date and for the Optional Securities on each Optional Closing Date will be subject to the accuracy of the representations and warranties on the part of the Company herein, to the accuracy of the statements of officers of the Company made pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions precedent:

(a) CSFB shall have received from PricewaterhouseCoopers a letter, dated the date of this Agreement, confirming that they are independent public accountants within the meaning of the Securities Act and the applicable published rules and regulations thereunder ("Rules and Regulations") and to the effect that:

(i) in their opinion the financial statements examined by them and included in the Offering Document and in the Company's Annual Report on Form 20-F most recently filed with the Commission comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the related published Rules and Regulations;

(ii) they have performed the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in Statement of Auditing Standards No. 100, Interim Financial Information, on the unaudited financial statements included in the Offering Document;

(iii) on the basis of the review referred to in clause (ii) above, a reading of the latest available interim financial statements of the Company, inquiries of officials of the Company who have responsibility for financial and accounting matters and other specified procedures, nothing came to their attention that caused them to believe that:

(A) the unaudited financial statements included in the Offering Document do not comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the related published Rules and Regulations or any material modifications should be made to such unaudited financial statements for them to be in conformity with generally accepted accounting principles;

(B) at a subsequent specified date not more than three business days prior to the date of this Agreement, there was any change in the capital stock or any increase in short-term indebtedness or long-term debt of the Company and its consolidated subsidiaries or there was any decrease in consolidated net current assets or net assets, as compared with amounts shown on the latest balance sheet included in the Offering Document; or

(C) for the period from the closing date of the latest income statement included in the Offering Document to the closing date of the latest available income statement read by such accountants there were any decreases, as compared with the corresponding period of the previous year, in consolidated net sales, net operating income or in the total or per share amounts of consolidated net income or in the ratio of earnings to fixed charges;

except in all cases set forth in clauses (B) and (C) above for changes, increases or decreases which the Offering Document disclose have occurred or may occur or which are described in such letter; and

(iv) they have compared specified dollar amounts (or percentages derived from such U.S. dollar or Renminbi amounts) and other financial information contained in the Offering Document, in the Company's Annual Report on Form 20-F most recently filed with the Commission and the Company's Periodic Report on Form 6-K for the month of April 2003 (in each case to the extent that such U.S. dollar and Renminbi amounts, percentages and other financial information are derived from the general accounting records of the Company and its subsidiaries subject to the internal controls of the Company's accounting system or are derived directly from such records by analysis or computation) with the results obtained from inquiries, a reading of such general accounting records and other procedures specified in such letter and have found such U.S. dollar and Renminbi amounts, percentages and other financial information to be in agreement with such results, except as otherwise specified in such letter.

(b) On each Closing Date, CSFB shall have received from PricewaterhouseCoopers a letter, dated as of such Closing Date, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (a) of this Section, except that the specified date referred to shall be a date not more than three business days prior to such Closing Date.

(c) Subsequent to the execution and delivery of this Agreement, there shall not have occurred (i) any change, or any development or event involving a prospective change, in the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as one enterprise which, in the judgment of CSFB, is material and adverse and makes it impractical or inadvisable to proceed with completion of the offering or the sale of and payment for the Offered Securities; (ii) any change in U.S., Chinese (including Hong Kong), Asian or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in the judgment of CSFB, be likely to prejudice materially the success of the proposed issue, sale or distribution of the Offered Securities, whether in the primary market or in respect of dealings in the

secondary market, (iii) any material suspension or material limitation of trading in securities generally on the New York Stock Exchange or the Nasdaq National Market, or any setting of minimum prices for trading on such exchange; (iv) or any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (v) any banking moratorium declared by U.S. Federal, New York, Chinese or Hong Kong authorities; (vi) any major disruption of settlements of securities or clearance services in the United States, the PRC or Hong Kong or (vii) any attack on, outbreak or escalation of hostilities or act of terrorism involving the United States, the PRC or Hong Kong, any declaration of war by Congress or any other national or international calamity or emergency if, in the judgment of CSFB, the effect of any such attack, outbreak, escalation, act, declaration, calamity or emergency makes it impractical or inadvisable to proceed with completion of the offering or sale of and payment for the Offered Securities.

(d) At such Closing Date,

(i) CSFB shall have received the favorable opinion, dated as of such Closing Date, of Commerce & Finance Law Office, PRC counsel to the Company, in form and substance reasonably satisfactory to counsel for CSFB, to the effect set forth in Exhibit A hereto and to such further effect as counsel to CSFB may reasonably request.

(ii) CSFB shall have received the favorable opinion, dated as of such Closing Date, of Maples and Calder Asia, Cayman Islands counsel for the Company, in form and substance reasonably satisfactory to counsel for CSFB, to the effect set forth in Exhibit B hereto and to such further effect as counsel to CSFB may reasonably request.

(iii) CSFB shall have received the favorable opinion, dated as of such Closing Date, of Morrison & Foerster LLP, U.S. counsel for the Company, in form and substance reasonably satisfactory to counsel for CSFB, to the effect set forth in Exhibit C hereto and to such further effect as counsel to CSFB may reasonably request. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York and the federal law of the United States, upon the opinions of counsel satisfactory to CSFB. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and its subsidiaries and certificates of public officials.

(iv) CSFB shall have received the favorable opinion, dated as of such Closing Date, of Davis Polk & Wardwell, U.S. counsel for CSFB, in form and substance reasonably satisfactory to CSFB, with respect to the matters as CSFB may reasonably require. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York and the federal law of the United States, upon the opinions of counsel satisfactory to the CSFB. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and its subsidiaries and certificates of public officials.

(v) CSFB shall have received the favorable opinion, dated as of such Closing Date, of Emmet, Marvin & Martin, LLP, U.S. counsel for the Depositary, in form and substance reasonably satisfactory to counsel for CSFB, to the effect set forth in Exhibit D hereto and to such further effect as counsel to CSFB may reasonably request.

(e) CSFB shall have received a certificate, dated such Closing Date, of the President or any Vice President and a principal financial or accounting officer of the Company in which such officers, to the best of their knowledge after reasonable investigation, shall state that the

representations and warranties of the Company in this Agreement are true and correct, that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date, and that, subsequent to the respective dates of the most recent financial statements in the Offering Document there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as a whole except as set forth in the Offering Document as described in such certificate.

(f) CSFB shall have received a certificate, dated such Closing Date, of the Chief Financial Officer of the Company certifying that (i) the Memorandum and Articles of Association of the Company attached to such certificate are true and correct and in full force and effect, (ii) a certificate of good standing issued by the Registrar of Companies of the Cayman Islands dated no earlier than three (3) business days prior to such Closing Date is attached, certifying that the Company has been duly incorporated, has paid all required fees, and is validly existing and in good standing under the laws of the Cayman Islands, (iii) the resolutions of the Board of Directors of the Company attached to such certificate are true, correct and complete with respect to all actions taken by the Board of Directors regarding the transactions contemplated by the Offering Document, this Agreement, the Registration Rights Agreement and the Material Agreements, with true and correct English translations thereof, (iv) all the filings, submissions and correspondences between the Company and the Nasdaq National Market or on their behalf relating to the Offered Securities are attached thereto, (v) each person who executed or delivered instructions with regard to the Offered Securities, the Offering Document, this Agreement, the Registration Rights Agreement and the Material Agreements, or any other document related to the transactions contemplated therein was duly qualified to do so and any signature by such person therein is genuine, and (vi) CT Corporation System has been appointed, and CT Corporation System has accepted such appointment as, the Company's agent to receive and acknowledge, for and on the Company's behalf, service of process in an action brought before a New York Court.

(g) On or prior to the date of this Agreement, CSFB shall have received lockup letters from Ted Sun, Acting Chief Executive Officer of the Company, and Shining Globe International Limited and William Ding.

The Company will furnish CSFB with such conformed copies of such opinions, certificates, letters and documents as CSFB reasonably requests. CSFB may in its sole discretion waive compliance with any conditions to the obligations of CSFB hereunder, whether in respect of an Optional Closing Date or otherwise.

7. Indemnification and Contribution. (a) The Company will indemnify and hold harmless CSFB, its officers, partners, members, directors and each person, if any, who controls CSFB within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which CSFB may become subject, under the Securities Act or the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Offering Document, and all amendments and supplements thereto, including the documents incorporated therein by reference, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, including any losses, claims, damages or liabilities arising out of or based upon the Company's failure to perform its obligations under Section 5(a) of this Agreement, and will reimburse CSFB for any legal or other expenses reasonably incurred by CSFB in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company by CSFB specifically for use therein, it being

understood and agreed that the only such information consists of the information described as such in subsection (b) below.

(b) CSFB will indemnify and hold harmless the Company, its directors and officers and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities to which the Company may become subject, under the Securities Act or the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Offering Document, and all amendments and supplements thereto, including the documents incorporated therein by reference, or arise out of or are based upon the omission or the alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by CSFB specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred, it being understood and agreed that the only such information furnished by CSFB consists of the following information in the Offering Circular: (i) the name of CSFB which appears at the bottom of the front cover page and the first paragraph appearing under the caption "Plan of Distribution", (ii) the third sentence in the sixteenth paragraph appearing under the caption "Plan of Distribution" and (iii) the seventeenth and eighteenth paragraphs (including the four subparagraphs under the seventeenth paragraph) appearing under the caption "Plan of Distribution" concerning stabilization transactions; provided, however, that CSFB shall not be liable for any losses, claims, damages or liabilities arising out of or based upon the Company's failure to perform its obligations under Section 5(a) of this Agreement.

(c) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve it from any liability that it may have under subsection (a) or (b) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes (i) an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and CSFB on the other from the offering of the Offered Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and CSFB on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and CSFB on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total discounts and commissions received by CSFB from the Company under this Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or CSFB and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), CSFB shall not be required to contribute any amount in excess of the amount by which the total price at which the Offered Securities purchased by it were resold exceeds the amount of any damages which CSFB has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. CSFB's obligations in this subsection (d) to contribute are several in proportion to their respective purchase obligations and not joint.

(e) The obligations of the Company under this Section shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls CSFB within the meaning of the Securities Act or the Exchange Act; and the obligations of CSFB under this Section shall be in addition to any liability which it may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act.

8. Survival of Certain Representations and Obligations. The respective indemnities, agreements, representations, warranties and other statements of the Company or its officers and of CSFB set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of CSFB, the Company or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Offered Securities. If for any reason the purchase of the Offered Securities by CSFB is not consummated, the Company shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 5 and the respective obligations of the Company and CSFB pursuant to Section 7 shall remain in effect and if any Offered Securities have been purchased hereunder the representations and warranties in Section 2 and all obligations under Section 5 shall also remain in effect. If the purchase of the Offered Securities by CSFB is not consummated for any reason other than solely because of the occurrence of any event specified in clause (ii), (iii), (v), (vi) or (vii) of Section 6(c), the Company will reimburse CSFB for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the Offered Securities.

9. Notices. All communications hereunder will be in writing and, if sent to CSFB will be mailed, delivered or faxed and confirmed to the Credit Suisse First Boston LLC, Eleven Madison Avenue, New York,

NY 10010-3629, U.S.A., Attention: Transactions Advisory Group (fax: 1-212-325-4296), or, if sent to the Company, will be mailed, delivered or faxed and confirmed to it at NetEase.Com, Inc., Suite 1901, Tower E3, The Towers, Oriental Plaza, Dong Cheng District, Beijing 100738, People's Republic of China, fax (8610) 8518-3618, Attention: Chief Financial Officer (fax: 8610-8518-3618).

10. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the controlling persons referred to in Section 7, and no other person will have any right or obligation hereunder, except that holders of Offered Securities shall be entitled to enforce the agreements for their benefit contained in the second and third sentences of Section 5(b) hereof against the Company as if such holders were parties thereto.

11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

12. Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflicts of laws.

The Company hereby submits to the non-exclusive jurisdiction of the New York Courts in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. The Company irrevocably appoints CT Corporation System, 111 Eighth Avenue, 13/th/ Floor, New York, New York 10011 ("Authorized Agent"), as its authorized agent in the Borough of Manhattan in The City of New York upon which process may be served in any such suit or proceeding, and agrees that service of process upon such agent, and written notice of said service to the Company, by the person serving the same to the address provided in Section 9, shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. The Company further agrees to take any and all action as may be necessary to maintain such designation and appointment of such agent in full force and effect for a period of seven years from the date of this Agreement.

The obligation of the Company in respect of any sum due to CSFB shall, notwithstanding any judgment in a currency other than United States dollars, not be discharged until the first business day, following receipt by CSFB of any sum adjudged to be so due in such other currency, on which (and only to the extent that) CSFB may in accordance with normal banking procedures purchase United States dollars with such other currency; if the United States dollars so purchased are less than the sum originally due to CSFB hereunder, the Company agrees, as a separate obligation and notwithstanding any such judgment, to indemnify CSFB against such loss. If the United States dollars so purchased are greater than the sum originally due to CSFB hereunder, CSFB agrees to pay to the Company an amount equal to the excess of the dollars so purchased over the sum originally due to CSFB hereunder.

If the foregoing is in accordance with the CSFB's understanding of our agreement, kindly sign and return to us one of the counterparts hereof, whereupon it will become a binding agreement between the Company and CSFB in accordance with its terms.

Very truly yours,

NetEase.Com, Inc.

By: /s/ Ted Sun

Name: Ted Sun
Title: Acting CEO & Director

The foregoing Purchase Agreement is hereby confirmed and accepted as of the date first above written.

Credit Suisse First Boston LLC

By: /s/ Rodney Tsang

Name: Rodney Tsang
Title: Director

SCHEDULE A

SUBSIDIARIES OF NETEASE.COM, INC.

Subsidiary	Jurisdiction of Organization	Ownership
NetEase Information Technology (Beijing) Co., Ltd.	China	100%
NetEase Information Technology (Shanghai) Co., Ltd.	China	100%
NetEase (U.S.) Inc.	U.S.	100%
NetEase Interactive Entertainment Ltd.	British Virgin Islands	100%

EXHIBIT A

FORM OF OPINION OF THE COMPANY'S PRC COUNSEL

We are lawyers qualified in the People's Republic of China ("PRC") and are qualified to issue opinions on the laws of the PRC. We have acted as PRC counsel for NetEase.com, Inc. (the "Company"), a company incorporated under the laws of the Cayman Islands, in relation to the Company's proposed issuance and sale to Credit Suisse First Boston LLC ("CSFB") pursuant to the purchase agreement ("Purchase Agreement") entered into by and between the Company and CSFB dated July 8, 2003 of U.S.$75,000,000 principal amount of its Zero Coupon Convertible Subordinated Notes due July 15, 2023 and also granting to CSFB an option, exercisable from time to time by CSFB, to purchase an aggregate of up to an additional $25,000,000 principal amount ("Optional Securities") of its Zero Coupon Convertible Subordinated Notes due July 15, 2023, each to be issued under an indenture agreement, dated as of July 14, 2003 (the "Indenture"), between the Company and The Bank of New York, as Trustee.

Unless otherwise defined herein, capitalized terms used in this opinion shall have the same meaning as set forth in the Purchase Agreement.

In rendering this opinion we have examined copies of such documents, as we have considered necessary or relevant to provide this opinion. In giving this opinion, we have made the following assumptions:

1. that all documents submitted to us as originals are authentic and that all documents submitted to us as copies conform to their originals;

2. that all documents have been validly authorized, executed and delivered by all of the parties thereto; and

3. that the signatures, seals and chops on the documents submitted to us are genuine;

This opinion is confined to and given on the basis of the laws of the PRC as at the date hereof. We do not express or imply any view or opinion on, or in respect of, the laws of any jurisdiction other than those of the PRC.

Based on the foregoing, we are of the opinion that:

1. NetEase Beijing has been duly incorporated and is validly existing as a wholly foreign owned enterprise with legal person status in good standing under the laws of the PRC. Except as otherwise disclosed in the Offering Document, all of the registered capital of NetEase Beijing has been fully paid and, to the best of our knowledge, is owned by the Company directly, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity.

2. Guangzhou NetEase has been duly incorporated and is validly existing as a privately owned enterprise with legal person status in good standing under the laws of the PRC. Except as otherwise disclosed in the Offering Document, all of the registered capital of Guangzhou NetEase has been fully paid and, to the best of our knowledge, is 80% owned by Mr. William Lei Ding and 20% owned by Mr. Bo Ding, each directly, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity.

3. Guangyitong Advertising has been duly incorporated and is validly existing as a privately owned enterprise with legal person status in good standing under the laws of the PRC. Except as otherwise disclosed in the Offering Document, all of the registered capital of Guangyitong Advertising has been fully paid and, to the best of our knowledge, is 80% owned by Guangzhou NetEase and 20% owned by Mr. Bo Ding, each directly, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity.

4. Each of NetEase Beijing, Guangzhou NetEase and Guangyitong Advertising (together, the "PRC Subsidiaries") has legal right, power and authority (corporate and other) to own, lease and operate its properties and to conduct its business as described in the Offering Document (including proper authority and approval for Guangzhou NetEase to engage in businesses as an Internet content provider and for Guangyitong NetEase to engage in online advertising businesses, each as described in the Offering Document) and to enter into and perform its obligations under each of the Material Agreements, to which it is a party.

5. Each Material Agreement to which any PRC Subsidiary is a party has been duly authorized, executed and delivered by such PRC Subsidiary, is in proper legal form under the laws of the PRC for the enforcement thereof against the parties thereto; and each such Material Agreement that is governed by PRC law constitutes a valid and legally binding obligation of the parties thereto, enforceable in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights generally and to general equity principles; and it is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of any of the Material Agreements in the PRC or any political subdivision thereof that any of them be filed or recorded or enrolled with any court or authority in the PRC or any political subdivision thereof or that any stamp, registration or similar tax be paid in the PRC or any political subdivision thereof.

6. Each of the Purchase Agreement, the Registration Rights Agreement, the Indenture and the Offered Securities is in proper legal form under the laws of the PRC for the enforcement thereof against the Company and, assuming due authorization, execution and delivery by each party thereto, constitutes a valid and legally binding obligation of the Company under the PRC law, enforceable in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights generally and to general equity principles; and it is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of the Purchase Agreement, the Registration Rights Agreement or the Indenture in the PRC or any political subdivision thereof that any of them be filed or recorded or enrolled with any court or authority in the PRC or any political subdivision thereof or that any stamp, registration or similar tax be paid in the PRC or any political subdivision thereof.

7. Except as set forth in the Offering Document, there are no limitations under PRC law on the rights of the Company (i) to convert into foreign currency and freely transfer out of the PRC all dividends, distributions and other payments declared and made payable by any of the Company's subsidiaries organized and existing under the laws of the PRC or any other revenues received by the Company or (ii) to convert the said dividends, distributions and other payments into foreign currency and freely transfer out of the PRC all amounts required to pay interest, principal, premium, if any, and other payments on the Offered Securities and dividends and other distributions declared and payable on the Underlying Shares issuable upon conversion thereof.

8. Under the laws of the PRC, the Offered Securities are freely transferable by the Company to or for the account of CSFB, and (to the extent described in the Offering Document) the initial purchasers thereof; and there are no restrictions on subsequent transfers of the Offered Securities under the laws of the PRC.

9. To the best of our knowledge, except as set forth in the Offering Document, there is not pending or threatened any action, suit, proceeding, inquiry or investigation, to which the Company or any PRC Subsidiary is a party, or to which the property of the Company or such PRC Subsidiary is subject, before or brought by any court or governmental agency or body in the PRC, which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the properties or assets thereof or the consummation of the transactions contemplated in the Purchase Agreement, the Registration Rights Agreement, the Indenture, the Offered Securities, any Material Agreement or the Offering Document or the performance by the Company or any PRC Subsidiary of their respective obligations thereunder.

10. The information under Part I, Item 7.B., "Related Party Transactions", Part I, Item 4, "Information on the Company" and Part I, Item 3.D., "Risk Factors" in the Company's Annual Report on Form 20-F most recently filed with the Commission pursuant to the Exchange Act, to the extent that it constitutes matters of law or summaries of legal matters of the PRC or legal conclusions in respect of PRC law, or summaries of legal proceedings, or summarizes the terms and provisions of the Material Agreements governed by PRC law, has been reviewed by us and is correct in all material respects; and our opinion set forth under Part 1, Item 10, "Additional Information - Enforcement of Civil Liabilities" in the Company's Annual Report on Form 20-F most recently filed with the Commission pursuant to the Exchange Act is confirmed.

11. To the best of our knowledge, there are no PRC statutes or regulations that are required to be described in the Offering Document that are not described as required.

12. The choice of the laws of the State of New York as the governing law of the Purchase Agreement, the Indenture, the Offered Securities and the Registration Rights Agreement is a valid choice of law under the laws of the PRC and courts of the PRC will honor this choice of law.

13. No transaction tax, stamp duty or similar tax or duty or withholding or other taxes are payable by or on behalf of CSFB in the PRC with respect to (a) the sale and delivery of the Offered Securities as contemplated by the Purchase Agreement and the Offering Document, (b) the holding or transfer of the Offered Securities outside the PRC or (c) the execution, delivery or enforcement of the Purchase Agreement, the Indenture, the Offered Securities, the Registration Rights Agreement or any Material Agreement; under the laws of the PRC, the Company is neither a resident of the PRC nor carrying on a trade or business in the PRC for PRC tax purposes, and accordingly (x) the Company will not be subject to income tax imposed in the PRC or any subdivision thereof, (y) any payments or distributions made by the Company on the Offered Securities will not be subject to any PRC withholding tax and (z) a holder or beneficial owner of Offered Securities who is not a resident of the PRC will not be subject to any PRC transaction tax, stamp duty or PRC similar tax or duty or PRC withholding or other taxes upon any conversion of the Offered Securities, disposition of the Offered Securities or disposition of the securities into which the Offered Securities are converted.

14. Any final judgment for a fixed or readily calculable sum of money rendered by any court of the State of New York or of the United States located in the State of New York having jurisdiction under its own domestic laws in respect of any suit, action or proceeding against the Company based upon the Purchase Agreement, the Registration Rights Agreement, the Indenture or the Offered Securities would be declared enforceable against the Company by the courts of the PRC in accordance with the requirements of PRC Civil Procedures Law based either on treaties between the PRC and the United States of America or on reciprocity between jurisdictions, without payment of any stamp, registration or similar tax or duty, provided that (a) the judgment was not contrary to the public policy, state sovereignty or security of the PRC, (b) the judgment was not given or obtained by fraud, (c) the judgment was not based on clear mistake of law or fact, (d) the judgment was not directly or indirectly for the payment of taxes or other charges of a like nature or of a fine or other penalty, (e) the judgment was for a definite sum of money, (f) the judgment was final and conclusive, (g) adequate service of process has been effected and the defendant has had a reasonable opportunity to be heard, (h) such judgments do not conflict with any other valid judgment in the same matter between the same parties, and (i) an action between the same parties in the same matter is not pending in any PRC court at the time the lawsuit is instituted in the New York Court.

15. Except as otherwise disclosed in the Offering Document, no filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency in or of the PRC is necessary or required for (i) each PRC Subsidiary to engage in the business as presently conducted by it and as described in the Offering Document, (ii) the due authorization, execution and delivery by each PRC Subsidiary of each Material Agreement to which it is a party, (iii) the performance by each PRC Subsidiary of its obligations under each Material Agreement to which it is a party, or (iv) the consummation of the transactions contemplated under each Material Agreement.

16. The execution, delivery and performance of each of the Purchase Agreement, the Indenture, the Registration Rights Agreement, and each of the Material Agreements governed by the laws of the PRC, the consummation of the transactions contemplated therein and in the Offering Document (including the issuance and sale of the Offered Securities, compliance with the terms and provisions thereof, and the use of the proceeds from the sale of the Offered Securities as described in the Offering Document under the caption "Use Of Proceeds") and compliance by the Company with its obligations under each of the Purchase Agreement, the Indenture, the Offered Securities, the Registration Rights Agreement and each of the Material Agreements governed by the laws of the PRC, will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or a default or Repayment Event (as defined in Section 2(n) of the Purchase Agreement) under, or result in the creation or imposition of any lien, charge or encumbrance upon, any property or assets of the Company or any PRC Subsidiary pursuant to any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or any other agreement or instrument (including the Material Agreements) governed by the laws of the PRC, known to us, to which the Company or such PRC Subsidiary is a party or by which they may be bound, or to which any of their property or assets is subject (except for such conflicts, breaches, defaults or liens, charges or encumbrances that would not have a Material Adverse Effect), nor will such action result in any violation of the provisions of the articles of association or other organizational document of any PRC Subsidiary or any applicable treaty, law, statute, rule, regulation, judgment, order, writ or decree, known to us, of any government, government instrumentality or court in the PRC, having jurisdiction over the Company or the PRC Subsidiaries or any of their properties, assets or operations.

17. The Company is duly registered or qualified as a foreign corporation, to the extent that such registration or qualification is required in the PRC, to transact business as described in the Offering Document and is in good standing in the PRC (including provincial, municipal or local jurisdictions), whether by reason of the ownership or leasing of property or the conduct of business or otherwise, except where the failure to so register or qualify or be in good standing would not result in a Material Adverse Effect.

18. The Company and its obligations under the Purchase Agreement are subject to civil and commercial law and suit and none of the Company and its properties, assets or revenues has any right of immunity, on any grounds, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from setoff or counterclaim, from the jurisdiction of any court, from service of process, attachment upon or prior to judgment, or attachment in aid of execution of judgment, or from execution of a judgment, or other legal process or proceeding for the giving of any relief, or for the enforcement of judgment in the PRC, with respect to their respective obligations, liabilities or any other matter under or arising out of or in connection with the Purchase Agreement.

19. It is not necessary in order to enable CSFB to exercise or enforce its rights under the Purchase Agreement in the PRC or by reason of the entry into and/or the performance of the Purchase Agreement for CSFB to be licensed, qualified, authorized or entitled to do business in the PRC.

20. All descriptions in the Offering Document of contracts and other documents governed by or under PRC law to which the Company or any PRC Subsidiary is a party are accurate in all material respects; to the best of our knowledge, there are no franchises, contracts, indentures, mortgages, loan agreements, notes, leases or other instruments required to be described or referred to in the Offering Document other than those described or referred to therein or filed as exhibits thereto, and the descriptions thereof or references thereto are correct in all material respects.

21. To the best of our knowledge after appropriate investigation, none of the PRC Subsidiaries is in violation of its articles of association or other organizational document and no default by any PRC Subsidiary exists in the due performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument governed by PRC law that is described or referred to in the Offering Document.

22. The performance by CSFB in the PRC of any of their rights, duties, obligations and responsibilities under the Purchase Agreement will not violate any law applicable in the PRC.

23. Nothing has come to our attention that would lead us to believe that the Offering Document or any amendment or supplement thereto (except for financial statements and schedules and other financial data included therein, as to which we need make no statement), at the time the Offering Document was issued, or on the date hereof, included or includes an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering such opinion, we have relied (A) as to matters involving the application of the laws of New York, upon the opinion of Morrison & Foerster LLP, United States counsel to the Company, (B) as to matters involving the application of the laws of the Cayman Islands, upon the opinion of Maples and Calder Asia, Cayman Islands counsel to the Company, and (C) as to matters of fact (but not as to legal conclusions), to the extent they deem proper, on certificates and confirmations of responsible officers of the Company or any PRC Subsidiary and public officials.

This opinion relates to the laws of the PRC (other than the laws of the Hong Kong Special Administrative Region, the laws of the Macao Special Administrative Region and the laws of Taiwan Province) in effect on the date hereof.

This opinion is given solely for the benefit of the persons to whom it is addressed. It may not, except with our prior written permission, be relied upon by anyone in connection with this opinion or used for any other purpose; provided, however, that The Bank of New York, in its capacity as Trustee pursuant to the terms of the Indenture, may rely, subject to all of the assumptions and qualifications set forth therein, on this opinion to the same extent as if this opinion had been addressed and delivered to The Bank of New York.

EXHIBIT B

FORM OF OPINION OF THE COMPANY'S CAYMAN ISLANDS COUNSEL

We have acted as Cayman Islands legal advisers to NetEase.com, Inc. (the "Company"), a company incorporated in the Cayman Islands in connection with the issue of US$75,000,000 aggregate principal amount of its Zero Coupon Senior Convertible Notes due 15th July, 2023 (the "Firm Securities") and the option, exercisable from time to time by Credit Suisse First Boston LLC, to purchase an aggregate of up to an additional US$25,000,000 of the aggregate principal amount of its Zero Coupon Senior Convertible Notes due 15th July, 2023 (the "Optional Securities", and together with the Firm Securities, the "Offered Securities"), each to be issued under an indenture, dated as of 14th July, 2003 (the "Indenture"), between the Company and The Bank of New York, as Trustee. Such offering is being made pursuant to a purchase agreement between the Company and the Initial Purchasers (as defined therein) dated 8/th/ July, 2003 (the "Purchase Agreement").

For the purposes of this opinion, we have reviewed only originals, copies or final drafts of the following documents:

(a) the certificate of incorporation of the Company dated 6th July, 1999 and the amended and restated memorandum and articles of association of the Company as adopted on 12th May, 2000 (the "Memorandum and Articles of Association");

(b) a certificate of good standing for the Company dated 8th July, 2003 issued by the Registrar of Companies in the Cayman Islands (the "Certificate of Good Standing");

(c) the minutes of the meeting of the board of directors of the Company held on 30/th/ June, 2003 (the "Minutes");

(d) a certificate from a director of the Company dated 14th July, 2003, a copy of which is attached hereto (the "Director's Certificate");

(e) the Purchase Agreement;

(f) the Indenture;

(g) the offering circular issued by the Company dated 9/th/ July, 2003 and all documents incorporated by reference therein (the "Offering Circular");

(h) the Registration Rights Agreement between the Company and Credit Suisse First Boston LLC (as representative of the several purchasers named therein) dated 8/th/ July, 2003 hereto (the "Registration Rights Agreement");

(i) the form of the Offered Securities;

(j) each of the following agreements (the "Material Agreements"):

(i) 1999 Stock Incentive Plan and Form of Stock Option Agreement (incorporated by reference to Exhibit 10.1 from the company's Registration Statement on Form F-1 (file no. 333-11724) filed with the Securities and Exchange Commission on March 27, 2000);

(ii) Amended and Restated 2000 Stock Incentive Plan and Form of Stock Option Agreement (including standard and non-standard form) (incorporated by reference to Exhibit 4.2 from the company's Annual Report on Form 20-F for the year ended December 31, 2000 filed with the Securities and Exchange Commission on August 31, 2001;

(iii) Employment Agreement dated August 31, 1999 between NetEase.com, Inc. and William Lei Ding (incorporated by reference to Exhibit 10.2 from the company's Registration Statement on Form F-1 (file no. 333-11724) filed with the Securities and Exchange Commission on March 27, 2000); and

(iv) Addendum to Employment Agreement between NetEase.com, Inc. and William Ding dated May 1, 2003.

The Purchase Agreement, the Indenture, the Material Agreements and the Registration Rights Agreement are hereafter together referred to as the "Agreements".

Terms used herein have the same meanings given in the Purchase Agreement unless otherwise defined herein.

Save as aforesaid we have not been instructed to undertake and have not undertaken any further enquiry or due diligence in relation to the transaction the subject of this opinion. The following opinions are given only as to and based on circumstances and matters of fact existing at the date hereof and of which we are aware consequent upon the instructions we have received in relation to the matter the subject of this opinion and as to the laws of the Cayman Islands as the same are in force at the date hereof. In giving this opinion, we have relied upon the completeness and accuracy (and assumed the continuing completeness and accuracy as at the date hereof) of the Director's Certificate and the Certificate of Good Standing without further verification and have relied upon the following assumptions, which we have not independently verified:

(i) The Agreements and the Offered Securities have been or will be duly authorised, executed and delivered by or on behalf of all relevant parties (other than the Company).

(ii) The Agreements and the Offered Securities are, or will be, legal, valid, binding and enforceable against all relevant parties in accordance with the governing laws expressed therein and all other relevant laws (other than, with respect to the Company, the laws of the Cayman Islands).

(iii) The power, authority and legal right of all parties under all relevant laws and regulations (other than, with respect to the Company, the laws of the Cayman Islands) to enter into, execute and perform their respective obligations under the Agreements and the Offered Securities.

(iv) The choice of the laws of New York as the governing law of the Agreements and the Offered Securities has been made by all parties in good faith and would be regarded as a valid and binding selection which will be upheld by the courts of New York as a matter of the laws of New York and by all other courts under all other relevant laws (other than the laws of the Cayman Islands).

(v) Copy documents or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals.

(vi) The genuineness of all signatures and seals.

(vii) All conditions precedent contained in the Agreements have been satisfied or duly waived and there has been no breach of the terms of the Agreements or the Offered Securities at the date hereof.

(viii) There is no contractual or other prohibition (other than as may arise by virtue of the laws of the Cayman Islands) binding on the Company or on any other party prohibiting it from entering into and performing its obligations under the Agreements or the Offered Securities.

(ix) The issued shares in the capital of the Company, including those to be issued pursuant to conversion of the Offered Securities offered in the Offering Circular, have been, or, upon entry on the Register of Members of the Company following conversion of the Offered Securities, will be fully paid up and there are no contractual or other obligations (other than as may arise by virtue of the laws of the Cayman Islands) binding on the Company or any of the persons to whom such shares have been

issued to make any further payment or give any further consideration in relation thereto other than the conversion price.

(x) The Offered Securities will be issued and authenticated in accordance with the provisions of the Indenture.

(xi) No invitation has been or will be made by or on behalf of the Company to the public in the Cayman Islands to subscribe for any of the Offered Securities.

(xii) The Company is not a sovereign entity of any state and is not a subsidiary, direct or indirect, of any sovereign entity or state.

The following opinions are given only as to matters of Cayman Islands law and we have assumed that there is nothing under any other law that would affect or vary the following opinions. Specifically we have made no investigation of the laws of New York and we offer no opinion in relation thereto.

Based upon the foregoing and subject to the qualifications set out below and having regard to such legal considerations as we deem relevant, we are of the opinion that:

1. The Company has been duly incorporated and is validly existing as an exempted company with limited liability for an unlimited duration under the laws of the Cayman Islands with full corporate power and authority to own its property and assets and to carry on its business in accordance with its Memorandum and Articles of Association and to enter into and execute and perform its obligations under the Agreements and the Offered Securities.

2. The Company has an authorised capital as set forth in the Offering Circular, and all of the issued shares in the capital of the Company (including the shares being delivered on conversion when issued in accordance with the terms of the Purchase Agreement and entered on the Register of Members of the Company) have been duly and validly authorised and, when issued in accordance with the Purchase Agreement and the Offering Circular and entered as fully paid on the Register of Members of the Company, will be fully paid and non-assessable and conform to the description thereof contained in the Offering Circular.

3. The execution and delivery of the Agreements and the issue and offer of the Offered Securities by the Company and the performance of its obligations thereunder have been duly authorised and approved by all necessary corporate action of the Company and do not violate, conflict with or result in a breach of any of the terms or provisions of its memorandum and articles of association or any law, public rule or regulation applicable to the Company in the Cayman Islands currently in force and do not violate, conflict with or result in a breach of any existing order or decree of any governmental authority or agency or any official body in the Cayman Islands.

4. The Agreements when executed and delivered for and on behalf of the Company will constitute legal, valid and binding obligations of the Company enforceable in the Cayman Islands in accordance with their terms except and in so far as such enforcement may be limited as hereinafter set forth.

5. The Offered Securities when executed and, if appropriate, authenticated in the manner set forth in the Indenture and delivered against due payment therefor will be duly executed, issued and delivered and will constitute the legal, valid and binding obligations of the Company enforceable in the Cayman Islands in accordance with their terms except and in so far as such enforcement may be limited as hereinafter set forth.

6. There are no restrictions on subsequent transfers of the Offered Securities under the laws of the Cayman Islands.

7. There are no pre-emptive or other rights to subscribe for or purchase, nor any restriction upon the voting or transfer of any share in the capital of the Company pursuant to the Memorandum and Articles of Association of the Company and the Agreements.

8. No authorisations, consents, orders, permissions or approvals are required from any governmental authorities or agencies or other official bodies in the Cayman Islands and no notice to or other filing with or action by any Cayman Islands governmental authority or regulatory body is required in connection with:

   (1) the issue of the Offering Circular;

   (2) the execution, creation or delivery of the Agreements by the Company;

   (3) subject to the payment of stamp duty, the enforcement of the Agreements against the Company;

   (4) the offering, execution, authentication, allotment, issue or delivery of the Offered Securities;

   (5) the performance of any obligation under the Agreements or the Offered Securities;

   (6) the payment of the principal and interest and any other amounts under the Offered Securities; or

   (7) the payment of any amount under the Agreements.

9. It is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of the Agreements or the Offered Securities that any document be filed, recorded or enrolled with any governmental department, agency or other authority in the Cayman Islands.

10. The Company is in good standing with the Registrar of Companies in the Cayman Islands.

11. No stamp duties or other similar taxes or charges are payable under the laws of the Cayman Islands in respect of the execution or delivery of the Agreements or the Offered Securities unless they are executed in or thereafter brought within the jurisdiction of the Cayman Islands (e.g. for the purposes of enforcement).

12. There are currently no taxes or other charges or deductions payable (by withholding or otherwise) to the Cayman Islands Government or any taxing authority thereof on or by virtue of (i) the execution, delivery or enforcement of the Agreements or the Offered Securities or, (ii) any payment of any nature to be made by the Company under any of the Agreements or the Offered Securities. The Cayman Islands currently have no income, corporate or capital gains tax and no estate duty, inheritance tax or gift tax.

13. The Company can sue and be sued in its own name under the laws of the Cayman Islands. The choice of the laws of New York to govern the Agreements and the Offered Securities will be upheld as a valid choice of law under the laws of the Cayman Islands and the courts of the Cayman Islands would uphold such choice of law in a suit on the Agreements or the Offered Securities brought in the courts of the Cayman Islands, assuming it is so pleaded. An action against the Company in the Cayman Islands under the Agreements or the Offered Securities could be instituted in the Grand Court, which has jurisdiction over the Company and would accept jurisdiction over any action or proceedings based on the Agreements or the Offered Securities without first having to obtain a judgment in respect of the Agreements or the Offered Securities in a court of New York or any other relevant jurisdiction. In the event of any proceedings being brought in the Cayman Islands courts in respect of a monetary obligation expressed to be payable in a currency other than Cayman Islands dollars, a Cayman Islands

court would give judgment expressed as an order to pay such currency or its Cayman Islands dollar equivalent at the time of payment or enforcement of the judgment.

14. The submission to the jurisdiction of the U.S. federal or state courts sitting in New York City, and the appointment of an agent to accept service of process in such jurisdiction, is legal, valid and binding on the Company.

15. Although there is no statutory enforcement in the Cayman Islands of judgments obtained in New York, the courts of the Cayman Islands will recognise and enforce a judgment of a foreign court of competent jurisdiction in respect of any legal suit or proceeding arising out of or relating to the Agreements without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided that such judgment is final and conclusive, for a liquidated sum, not in respect of taxes or a fine or penalty, is not inconsistent with a Cayman Islands judgment in respect of the same matter, and was not obtained in a manner and is not of a kind the enforcement of which is contrary to the public policy of the Cayman Islands. A Cayman Islands court may stay proceedings if concurrent proceedings are being brought elsewhere. A foreign judgment may be final and conclusive even if subject to appeal. However, if appealable, a Cayman Islands court may stay enforcement until such appeal has been heard.

16. Based on our review of the Register of Writs and other Originating Process for the period from 6th July, 1999, there are no actions pending against the Company in the Grand Court of the Cayman Islands on 10/th/ July, 2003. A search at the Companies Registry in the Cayman Islands would not reveal any order or resolution for the winding up of the Company because under Cayman Islands law the records kept by the Registrar of Companies are not documents of public record. The enquiries referred to above which we have made at the Grand Court of the Cayman Islands have revealed no record of the presentation of any winding up petition in respect of the Company. We assume that there has been no change in this position since the date on which the enquiries were made.

17. The statements in the Offering Circular issued or to be issued by the Company, marked "Description of Share Capital", insofar as they describe provisions in the Company's Memorandum and Articles of Association relating to the share capital and the Companies Law of the Cayman Islands, and "Taxation - Cayman Islands Taxation" insofar as they constitute a summary of the Cayman Islands law on tax matters in relation to the ordinary shares, are fair summaries or descriptions thereof. Our opinion set forth under "Enforcement of Civil Liabilities" of the Offering Circular is confirmed.

18. There is no exchange control legislation under Cayman Islands law and accordingly there are no exchange control regulations imposed under Cayman Islands law.

19. To the best of our knowledge, there are no Cayman Islands statutes or regulations that are required by Cayman Islands law to be described in the Offering Circulars that are not described as required.

20. The form of certificate used to evidence the ordinary shares complies in all material respects with applicable statutory requirements of the Cayman Islands and the Company's Memorandum and Articles of Association.

21. There are no restrictions under Cayman Islands law which would prevent the Company from paying dividends to shareholders in U.S. Dollars or any other currency.

22. In any proceedings taken in the Cayman Islands in relation to the Agreements or the Offered Securities the Company will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.

This opinion is subject to the following qualifications and limitations:

(1) The term "enforceable" as used above means that the obligations assumed by the Company under the relevant instrument are of a type which the courts of the Cayman Islands enforce. It does not mean that those obligations will necessarily be enforced in all circumstances in accordance with their terms. In particular:

(a) enforcement may be limited by bankruptcy, insolvency, liquidation, reorganisation, readjustment of debts or moratorium or other laws of general application relating to or affecting the rights of creditors;

(b) enforcement may be limited by general principles of equity - for example, equitable remedies such as specific performance may not be available, inter alia, where damages are considered to be an adequate remedy;

(c) claims may become barred under the statutes of limitation or may be or become subject to defences of set-off, counterclaim, estoppel and similar defences;

(d) where obligations are to be performed in a jurisdiction outside the Cayman Islands, they may not be enforceable in the Cayman Islands to the extent that performance would be illegal under the laws of that jurisdiction;

(e) the Cayman Islands court has jurisdiction to give judgment in the currency of the relevant obligation and statutory rates of interest payable upon judgments will vary according to the currency of the judgment. If the Company becomes insolvent and is made subject to a liquidation proceeding, the Cayman Islands court will require all debts to be proved in a common currency, which is likely to be the "functional currency" of the Company determined in accordance with applicable accounting principles. Currency indemnity provisions have not been tested, so far as we are aware, in the courts of the Cayman Islands;

(f) obligations to make payments that may be regarded as penalties will not be enforceable;

(g) the courts of the Cayman Islands may decline to exercise jurisdiction in relation to substantive proceedings brought under or in relation to the Agreements in matters where they determine that such proceedings may be tried in a more appropriate forum; and

(h) a company cannot, by agreement or in its articles of association, restrict the exercise of a statutory power, and there exists doubt as to enforceability of any provision in the Agreements whereby the Company covenants not to exercise powers specifically given to its shareholders by The Companies Law (2003 Revision) of the Cayman Islands, including, without limitation, the power to increase its authorised share capital, amend its Memorandum and Articles of Association, or present a petition to a Cayman Islands court for an order to wind up the Company.

(2) With respect to winding up proceedings, Cayman Islands law may require that all claims or debts of the Company are converted into its functional currency of account at the exchange rate ruling at the date of commencement of the winding up.

(3) A certificate, determination, calculation or designation of any party to the Underwriting Agreement as to any matter provided in any of the Underwriting Agreement might be held by a Cayman Islands court not to be conclusive, final and binding if, for example, it could be shown to have an unreasonable or arbitrary basis or in the event of manifest error.

(4) The obligations of the Company under the Underwriting Agreement to any person or body connected with, resident in, incorporated in or constituted under the laws of any country (an "Affected Country") which is currently the subject of United Nations sanctions extended to the Cayman Islands by Orders

in Council, or exercising public functions in any Affected Country or any person or body controlled by any of the foregoing or any person acting on behalf of any of the foregoing or any other person or body as prescribed in such Orders may be subject to restrictions or limitations pursuant to such Orders.

(5) The irrevocable appointment of an agent for service of process may, as between the appointor and the agent, be revoked by the appointor unless given to secure (i) a proprietary interest of the agent or (ii) the performance of an obligation owed to the agent.

(6) We note that it is contemplated that certain of the Agreements will be dated "as of" a certain date. Whilst parties to an agreement may agree as a matter of contract, inter se, that the rights and obligations therein contained should, in so far as the same may be possible, take effect from a date prior to the date of execution and delivery, if as a matter of fact that agreement was executed and delivered after the date "as of" which it is expressed to be executed and delivered, the agreement only comes into effect on the actual date of execution and delivery and, with respect to third parties, the agreement in so far as the rights of third parties may be available thereunder, take effect only from the actual date of execution and delivery.

Except as specifically stated herein, we make no comment with respect to any representations and warranties which may be made by or with respect to the Company in any of the Agreements or otherwise with respect to the commercial terms of the transactions the subject of this opinion.

This opinion, although addressed to you, may be relied upon by your legal advisers (but in that capacity only). This opinion may not be relied upon by any other person without our prior written consent provided however, that The Bank of New York (as Trustee under the Indenture) may rely on this opinion to the same extent as if this opinion had been addressed and delivered to The Bank of New York.

EXHIBIT C

FORM OF OPINION OF THE COMPANY'S UNITED STATES COUNSEL

We have acted as special U.S. counsel to NetEase.com, Inc., a Cayman Islands corporation (the "Company"), in connection with (i) the issuance and sale by the Company of US$75,000,000 principal amount of its Zero Coupon Convertible Subordinated Notes due July 15, 2023 (the "Firm Securities"), pursuant to the terms of the Purchase Agreement dated July 8, 2003 (the "Purchase Agreement") between the Company and Credit Suisse First Boston LLC (the "Purchaser"), and (ii) the grant by the Company to the Purchaser of an option to purchase an aggregate of up to an additional US$25,000,000 principal amount of its Zero Coupon Convertible Subordinated Notes due July 15, 2023 (the "Optional Securities" and, together with the Firm Securities, the "Offered Securities"), each to be issued under an indenture agreement, dated as of July 14, 2003 (the "Indenture"), between the Company and The Bank of New York, as Trustee. This opinion is furnished to you pursuant to Section 6(d)(iii) of the Purchase Agreement. All capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in the Purchase Agreement. For the avoidance of doubt, references herein to the "Offering Circular" shall include all documents incorporated therein by reference. The Purchase Agreement, the Indenture, the Offered Securities and the Registration Rights Agreement are collectively referred to herein as the "Documents."

In connection with this opinion, we have examined such corporate records, documents, instruments, certificates of public officials and of the Company and such questions of law as we have deemed necessary for the purpose of rendering the opinions set forth herein.

In such examination, we have assumed the genuineness of all signatures and the authenticity of all items submitted to us as originals and the conformity with originals of all items submitted to us as copies. In making our examination of all documents, we have assumed that each party other than the Company has or had the power and authority to execute and deliver, and to perform and observe the provisions of, such documents, and the due authorization by each such party of all requisite action and the due execution and delivery of such documents by each such party, and that such documents constitute the legal, valid and binding obligations of each such party. In addition, we have assumed that the Documents have been duly authorized, executed and delivered by the Company under the laws of the Cayman Islands. We have also assumed compliance with all applicable state securities and "blue sky" laws. With respect to the opinions set forth herein, we have relied as to matters of fact upon the statements of the Company, including the representations and warranties set forth in the Documents, in the Certificate of Ted Sun, the Acting Chief Executive Officer of the Company (the "Officer's Certificate"), a copy of which is attached hereto, and other certificates of officers and other representatives of the Company delivered on the Closing Date. We have made no independent investigation as to whether the foregoing statements are accurate or complete.

In rendering the opinions set forth in paragraphs 1 and 3 below, our opinions are based on a review of those laws which, in our experience, are normally applicable to transactions of the type contemplated by the Documents.

The opinions hereinafter expressed are subject to the following qualifications and exceptions:

(i) The effect of bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors generally, including, without limitation, laws relating to fraudulent transfers or conveyances, preferences and equitable subordination;

(ii) Limitations imposed by general principles of equity upon the availability of equitable remedies or the enforcement of provisions of the Documents, and the effect of judicial decisions which have held that certain provisions are unenforceable where their enforcement would violate the implied covenant of good faith and fair dealing, or would be commercially unreasonable, or where their breach is not material;

(iii) The effect of judicial decisions which may permit the introduction of extrinsic evidence to supplement the terms of any Documents or to aid in the interpretation on of such Documents;

(iv) The enforceability of provisions imposing or which are construed as effectively imposing penalties or forfeitures;

(v) Our opinion as to the enforceability of any provision of the Purchase Agreement requiring the Company to submit to the jurisdiction of a New York state court is based solely on the statutes and regulations in effect in the State of New York on the date hereof (including Section 5-1402 of the General Obligations Law of the State of New York and Section 327 of the Civil Practice Law and Rules of the State of New York); and

(vi) Our opinion is based upon current statutes, rules, regulations, cases and official interpretive opinions, and it covers certain items that are not directly or definitively addressed by such authorities.

Except to the extent encompassed by an opinion set forth below with respect to the Company, we express no opinion as to the effect on the opinions expressed herein of (1) the compliance or non-compliance of any party to the Documents with any law, regulation or order applicable to it, or (2) the legal or regulatory status or the nature of the business of any such party.

Whenever our opinion herein with respect to the existence or absence of facts is indicated to be based on our knowledge, belief or awareness, it is intended to signify that during the course of our representation of the Company in connection with the transactions referred to herein, no information has come to our attention that would give us actual knowledge of the existence or absence of such facts. However, we have not undertaken any independent investigation to determine the existence or absence of such facts, except for our participation in the conferences referred to below and our examination of the corporate records, documents, instruments and certificates of public officials and of the Company (including the Officer's Certificate) referred to above, and no inference as to our knowledge of the existence or absence of such facts should be drawn from our prior representation of the Company.

Based upon and subject to the foregoing, we are of the opinion that:

1. No filing with or authorization, approval or, to our knowledge, consent, order or registration of any court or governmental authority or agency of the United States of America or the State of New York is required in connection with the consummation of the transactions contemplated by the Purchase Agreement, the Indenture, the Offered Securities or the Registration Rights Agreement, including the offer, sale and delivery of the Offered Securities by the Company, except such as (i) have been filed or obtained or (ii) may be required under the Securities Act, the Trust Indenture Act of 1939, as amended (the "TIA") or the rules and regulations promulgated thereunder; provided, however, the exception provided in clause (ii) above shall not apply to the offer, sale and delivery of the Offered Securities by the Company to the Purchaser and the initial resale of such securities by the

Purchaser, assuming such offer, sale and delivery by the Company and resales by the Purchaser are made as contemplated in the Offering Circular and assuming in each case the accuracy of the representations and warranties of the Purchaser set forth in Section 5 of the Purchase Agreement and the compliance by the Purchaser and the Company with the covenants set forth in the Purchase Agreement (it being understood that no opinion is being given with respect to any resale of the Offered Securities other than such sale by the Company and initial resales by the Purchaser).

2. The execution and delivery of the Purchase Agreement, the Indenture and the Registration Rights Agreement and the performance by the Company of their respective terms, and the issuance and sale of the Offered Securities and compliance with the terms and provisions thereof, do not violate or result in a violation of any judgment, order or decree, known to us and identified in the Officer's Certificate, of any court or arbitrator in New York, to which the Company is a party.

3. The execution and delivery of the Purchase Agreement, the Indenture and the Registration Rights Agreement and the performance by the Company of their respective terms, and the issuance and sale of the Offered Securities and compliance with the terms and provisions thereof, do not violate or result in a violation of any statute, rule or regulation of any United States or New York State governmental agency or body (it being understood that no opinion is being given with respect to any resale of the Offered Securities, or to compliance with the TIA, which is covered by paragraph 14, below).

4. The execution and delivery of the Indenture, the Purchase Agreement and the Registration Rights Agreement and the performance by the Company of their respective terms, and the issuance and sale of the Offered Securities and compliance with the terms and provisions thereof, will not conflict with or constitute a material breach of the terms, conditions or provisions of, or constitute a default under, any of the Material Agreements, which are attached as exhibits to the Company's Annual Report on Form 20-F for the year ended December 31, 2002, are governed by the laws of the State of New York and are in full force and effect on the date hereof.

5. Each of the Purchase Agreement and the Registration Rights Agreement has been duly executed and delivered by the Company.

6. Each of the Indenture and the Registration Rights Agreement has been duly executed and delivered by the Company and constitutes the legal, valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except that no opinion is given hereunder regarding the enforceability of any indemnification and contribution provisions in the Registration Rights Agreement which may be limited or prohibited by federal or state securities laws or by public policy. The Notes, when executed and authenticated in accordance with the terms of the Indenture and delivered to and paid for by the Purchaser pursuant to the Purchase Agreement, will constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, and conform to the description thereof contained in the Offering Circular.

7. Under the laws of the State of New York relating to personal jurisdiction, the Company has, pursuant to Section 12 of the Purchase Agreement, validly and irrevocably submitted to the personal jurisdiction of any state or federal court located in the Borough of Manhattan, The City of New York, New York (each a "New York Court") in any legal suit, action or proceeding arising out of or based upon the Purchase Agreement or the transactions contemplated thereby, has validly and irrevocably waived any objection to the laying of venue of any such proceeding in any such court, and has validly and irrevocably appointed

the Authorized Agent as its authorized agent for the purpose described in Section 12 of the Purchase Agreement; and service of process effected on such agent in the manner set forth in Section 12 of the Purchase Agreement will be effective to confer valid personal jurisdiction of such court over the Company.

8. The statements made in the Offering Circular under the caption "Certain United States Federal Income Tax Consequences" and under the caption "Taxation -- United States Federal Income Taxation" which is incorporated by reference into the Offering Circular from the Company's Annual Report on Form 20-F for the year ended December 31, 2002, insofar as such statements purport to summarize certain federal tax laws of the United States and subject to the qualifications set forth therein, fairly summarize such laws in all material respects.

9. Upon conversion of the Offered Securities and the issuance by the Depositary of American Depositary Shares in connection therewith in accordance with the Deposit Agreement, such American Depositary Shares will be duly and validly issued and will entitle the holders thereof to the rights specified therein and in the Deposit Agreement; and the Deposit Agreement and the American Depositary Shares conform or will conform to the description thereof in the Offering Circular.

10. The statements set forth in the Offering Circular under the caption "Description of the Notes" fairly summarize the Offered Securities in all material respects.

11. To our knowledge, based upon the Officer's Certificate, there are no material pending or threatened actions, suits, or proceedings before any New York Court or governmental agency, authority or body or any arbitrator involving the Company.

12. There is no contract or other document known to us of a character required to be described in the Offering Circular, if the Offering Circular were a prospectus included in a registration statement on Form F-1 under the Securities Act, that is not described as required.

13. The Company is not, and after giving effect to the transactions contemplated by the Purchase Agreement and the Offering Circular and the application of the net proceeds therefrom as described in the Offering Circular and in the Officer's Certificate, will not be, required to register as an "investment company", as such term is defined in the Investment Company Act of 1940, as amended.

14. It is not necessary in connection with (i) the offer, sale and delivery of the Offered Securities by the Company to the Purchaser pursuant to the Purchase Agreement or (ii) the resales of the Offered Securities by the Purchaser in a manner contemplated by the Purchase Agreement, to register the Offered Securities under the Securities Act or to qualify an indenture in respect thereof under the TIA, assuming such offer, sale and delivery by the Company and resales by the Purchaser are made as contemplated in the Offering Circular and assuming in each case the accuracy of the representations and warranties of the Purchaser set forth in Section 5 of the Purchase Agreement and the compliance by the Purchaser and the Company with the covenants set forth in the Purchase Agreement. We note, however, that pursuant to the Registration Rights Agreement, the Company will be required to register the Offered Securities and underlying ordinary shares under the Securities Act and to qualify the Indenture under the TIA.

In addition, we have participated in conferences with you and with representatives of the Company and its accountants concerning the Offering Circular and have considered the matters and statements contained therein, although we have not independently verified the accuracy,

completeness or fairness of such statements. Based upon and subject to the foregoing, nothing has come to our attention that leads us to believe that the Offering Circular, as of the date of the Offering Circular or as of the date hereof, contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading (it being understood that we have not been requested to and do not make any comment in this paragraph with respect to the financial statements, supporting schedules, footnotes and other financial information contained or incorporated in the Offering Circular).

We express no opinion as to matters governed by laws of any jurisdiction other than the laws of the State of New York and the federal laws of the United States of America, as in effect on the date hereof.

This letter is furnished by us to the Purchaser and is solely for the benefit of the Purchaser. Neither this letter nor any opinion expressed herein may be relied upon by, nor may copies be delivered or disclosed to, any other person or entity without our prior written consent.

EXHIBIT D

FORM OF OPINION OF THE DEPOSITARY'S UNITED STATES COUNSEL

1. The Deposit Agreement has been duly authorized, executed and delivered by the Depositary and constitutes a valid and binding agreement of the Depositary enforceable against the Depositary in accordance with its terms, except as enforcement of it may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws of general application relating to or affecting creditors' rights and by general principles of equity.

2. Upon execution and delivery by the Depositary of ADRs evidencing the American Depositary Shares against the deposit of Ordinary Shares in accordance with the provisions of the Deposit Agreement, the American Depositary Shares will be validly issued and will entitle the holders of the American Depositary Shares to the rights specified in those ADRs and in the Deposit Agreement.

3. The legal entity for the issuance of ADRs filed a registration statement for the American Depositary Shares on Form F-6 under the Securities Act, the staff of the Commission informed us that the Commission declared that registration statement effective, to the best of our knowledge, the Commission has not issued any stop order suspending the effectiveness of that registration statement or any part of it and the Commission has not instituted, and does not contemplate, any proceedings for that purpose under that Act and that registration statement, and each amendment to it, as of its effective date, complied as to form in all material respects with the requirements of that Act and the rules and regulations under that Act .

These opinions are based upon the assumptions that (a) the Deposit Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding agreement of the Company enforceable against the Company in accordance with its terms, (b) all the Ordinary Shares are duly authorized, validly issued, fully paid and non-assessable and are registered or not required to be registered in accordance with the Securities Act and (c) all signatures on documents examined by us are genuine. In giving these opinions, we have also relied as to certain matters, without independent verification, on information obtained from public officials or officers of the Depositary.

We are members of the New York Bar only and do not hold ourselves out as practicing under, nor do we express any opinion on or as to the effect of, any laws other than the laws of the State of New York and the Federal laws of the United States.

EXHIBIT 12.1

NETEASE.COM, INC.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	For the Year Ended December 31,						For the Six Months Ended June 30,	
	1998	1999	2000	2001	2002	2002	2003	2003
	RMB	RMB	RMB	RMB	RMB	USD (Note)	RMB	USD (Note)
Fixed Charges:								
Interest	--	--	2,589,735	9,882,874	1,401,041	169,257	--	
One-third of rental expenses	--	133,333	2,300,000	2,933,333	2,455,581	296,654	1,177,831	142,291
Total fixed charges	--	133,333	4,889,735	12,816,207	3,856,622	465,911	1,177,831	142,291
Earnings:								
Profit (loss) before tax	367,201	(51,902,915)	(169,268,799)	(233,163,914)	13,905,750	1,679,925	150,766,816	18,213,832
Fixed charges	--	133,333	4,889,735	12,816,207	3,856,622	465,911	1,177,831	142,291
Capitalized interest	--	--	--	--	--	--	--	--
Total earnings	367,201	(51,769,582)	(164,379,064)	(220,347,707)	17,762,372	2,145,836	151,944,647	18,356,123
Ratio of Earnings to Fixed Charges:	N/A	N/A	N/A	N/A	4.61	4.61	129.00	129.00
Earnings Which Would Have Been Required to Achieve a Ratio of 1:1:	--	51,902,915	169,268,799	233,163,914	--	--	--	--

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Note: The conversion of RMB into U.S. dollars is based on the noon buying rate of USD1.00=RMB8.2776 on June 30, 2003 in The City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into U.S. dollars at that rate on June 30, 2003, or at any other rate.

EXHIBIT 23.1

PricewaterhouseCoopers
[Chinese characters]

18th Floor Beijing Kerry Centre
1 Guang Hua Lu
Chao Yang District
Beijing 100020
People's Republic of China
Telephone +86 (10) 6561 2233
Facsimile +86 (10) 8529 9000

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference of our report dated April 7, 2003 which appears in NetEase.com, Inc.'s Annual Report on Form 20-F for the year ended December 31, 2002 in the Registration Statement on Form S-8 (No. 333-100069) of NetEase.com, Inc.

/s/ PricewaterhouseCoopers
Beijing, China

October 6, 2003

EXHIBIT 23.2

PriceWaterhouseCoopers [LOGO]
(Chinese characters]

18th Floor Beijing Kerry Centre
1 Guang Hua Lu
Chao Yang District
Beijing 100020
People's Republic of China
Telephone +86 (10) 6561 2233
Facsimile +86 (10) 8529 9000

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in this Registration Statement on Form F-3 of our report dated April 7, 2003 relating to the financial statements, which appears in NetEase.com, Inc.'s Annual Report on Form 20-F for the year ended December 31, 2002. We also consent to the reference to us under the heading "Independent Auditors" in such Registration Statement.

/s/PricewaterhouseCoopers

Beijing, China
October 6, 2003

Exhibit 25.1

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FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) [_]

THE BANK OF NEW YORK
(Exact name of trustee as specified in its charter)

New York (State of incorporation if not a U.S. national bank)	13-5160382 (I.R.S. employer identification no.)
One Wall Street, New York, N.Y. (Address of principal executive offices)	10286 (Zip code)

NETEASE.COM, INC.
(Exact name of obligor as specified in its charter)

Cayman Islands (State or other jurisdiction of incorporation or organization)	Not Applicable (I.R.S. employer identification no.)
Suite 1901, Tower E3 The Towers, Oriental Plaza Dong Cheng District Beijing 100738 People's Republic of China (Address of principal executive offices)	(Zip code)

Zero Coupon Convertible Subordinated Notes due July 15, 2023
(Title of the indenture securities)

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1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of Banks of the State of New York	2 Rector Street, New York, N.Y. 10006, and Albany, N.Y. 12203
Federal Reserve Bank of New York	33 Liberty Plaza, New York, N.Y. 10045
Federal Deposit Insurance Corporation	Washington, D.C. 20429
New York Clearing House Association	New York, New York 10005

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939, as amended (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York (formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672 and Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637.)

4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with Registration Statement No. 33-31019.)

6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with Registration Statement No. 33-44051.)

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York and State of New York, on the 2nd day of October, 2003.

THE BANK OF NEW YORK

By: /s/ STACEY POINDEXTER

    Name: STACEY POINDEXTER
    Title: ASSISTANT TREASURER

EXHIBIT 7

Consolidated Report of Condition of

THE BANK OF NEW YORK

of One Wall Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System, at the close of business on June 30, 2003, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

ASSETS	Dollar Amounts In Thousands
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	$ 4,257,371
Interest-bearing balances	6,048,782
Securities:	
Held-to-maturity securities	373,479
Available-for-sale securities	18,918,169
Federal funds sold in domestic offices	6,689,000
Securities purchased under agreements to resell	5,293,789
Loans and lease financing receivables:	
Loans and leases held for sale	616,186
Loans and leases, net of unearned income	38,342,282
LESS: Allowance for loan and lease losses	819,982
Loans and leases, net of unearned income and allowance	37,522,300
Trading Assets	5,741,193
Premises and fixed assets (including capitalized leases)	958,273
Other real estate owned	441
Investments in unconsolidated subsidiaries and associated companies	257,626
Customers' liability to this bank on acceptances outstanding	159,995
Intangible assets	
Goodwill	2,554,921
Other intangible assets	805,938
Other assets	6,285,971

Total assets	$96,483,434
LIABILITIES	
Deposits:	
In domestic offices	$37,264,787
Noninterest-bearing	15,357,289
Interest-bearing	21,907,498
In foreign offices, Edge and Agreement subsidiaries, and IBFs	28,018,241
Noninterest-bearing	1,026,601
Interest-bearing	26,991,640
Federal funds purchased in domestic offices	739,736
Securities sold under agreements to repurchase	465,594
Trading liabilities	2,456,565
Other borrowed money: (includes mortgage indebtedness and obligations under capitalized leases)	8,994,708
Bank's liability on acceptances executed and outstanding	163,277
Subordinated notes and debentures	2,400,000
Other liabilities	7,446,726
Total liabilities	$87,949,634
Minority interest in consolidated subsidiaries	519,472
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,135,284
Surplus	2,056,273
Retained earnings	4,694,161
Accumulated other comprehensive income	128,610
Other equity capital components	0
Total equity capital	8,014,328
Total liabilities minority interest and equity capital	$96,483,434

I, Thomas J. Mastro, Senior Vice President and Comptroller of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Thomas J. Mastro,
Senior Vice President and Comptroller

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Thomas A. Renyi
Gerald L. Hassell Directors
Alan R. Griffith