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NetEase.com Announces 2001 Financial Results

Beijing, April 18, 2002

NetEase.com, Inc (Nasdaq: NTES), a leading Internet technology provider in China, today announced its financial results for the year ended December 31, 2001.

The Company's revenue decreased to RMB28.3 million (US\$3.4 million) in 2001 from RMB33.0 million (US\$4.0 million) for the year 2000. The net loss was RMB233.2 million (US\$28.2 million) or US\$0.93 per American Depositary Share.

As of the end of 2001, the NetEase Web sites had 43.2 million registered users, an increase of 213% from the beginning of the year. In addition, average daily pageviews for the month of December 2001 were 174.4 million, representing an increase of 149% over the average daily pageviews of 70 million in December 2000.

Advertising services revenues decreased by 52.9% to RMB14.2 million (US\$1.7 million) in 2001 from RMB30.1 million (US\$3.6 million) in 2000, primarily as a result of the softening of the Internet advertising market in China which led to a decrease in demand for advertising on the NetEase Web sites, and the intense market competition which affected the general pricing in the Internet advertising market in China. Advertising services revenues were also affected by turnover in management and staff.

Revenues from e-commerce and other services increased by 474.3% to RMB14.1 million (US\$1.7 million) in 2001 from RMB2.5 million (US\$0.3 million) in 2000, mainly as a result of the fees the Company earned from its co-branded trading and auction Web site and an increase of RMB6.7 million (US\$0.8 million) in total revenues from fee-based services. Revenues from fee-based services were generated predominantly by our wireless services and to a lesser extent by our premium e-mail and other services.

Loss on revenues for 2001 was RMB34.0 million (US\$4.1 million), compared to 9.4 million (US\$1.1 million) in 2000. The increase in loss on revenues resulted from a decrease in total revenues and concurrent increase in cost of revenues. Cost of revenues increased by 50.5% to RMB60.1 million (US\$7.3 million) in 2001 from RMB39.9 million (US\$4.8 million) in 2000,

primarily due to the overall expansion of the Company's business, including in particular the increase in Internet connection costs, such as server related and bandwidth costs to support the large increase in traffic on the NetEase Web sites, offset in part by a decrease in staff costs. Total operating expenses increased by 6.9% to RMB197.9 million (US\$23.9 million) in 2001 from RMB185.1 million (US\$22.4 million) in 2000. Operating expenses as a percentage of total revenues increased from 561.4% in 2000 to 699.1% in 2001. The increase in 2001 was mainly due to the substantial fees charged by third parties for legal and professional services and consultancy services.

As of December 31, 2001, NetEase's total net cash balance was RMB531.4 million (US\$64.2 million).

Ted Sun, acting Chief Executive Officer, commented, "2001 was a challenging year for the Internet sector worldwide. Our company also faced particular hurdles during the year, such as senior management changes, the restatement of our financial statements for the year 2000, and the temporary suspension of trading of our American Depositary Shares on the Nasdaq National Market. Despite these hurdles, our operations have continued their rapid growth as reflected in the substantial increase in the number of registered users and average daily pageviews, and the NetEase Web sites remain one of the most popular online destinations for Internet users in China. We will continue to strive to improve the content and service offering on the NetEase Web sites in order to ensure that our strong market position can be maintained."

Mr. Sun added that, "In addition to online advertising, a key pillar of our strategy has been to explore ways to monetize the enormous user base of the NetEase Web sites. We have experienced initial success in this strategy by launching a series of new fee-based premium services during last year, such as wireless services, including Short Messaging Services, paid Web hosting services, fee-based premium e-mail for both corporate and individual users, online games and other services. We believe that the Internet industry in China has reached a point where users have started to understand the benefits of fee-based value-added services, and we are committed to capturing more revenue opportunities in this area. In addition to continuously refining and improving our existing services, we plan to further identify new market opportunities and thereby develop new value-added services to suit our users' interests and needs. In particular, wireless services and online games have been two areas of focus."

** Note: The conversion of Renminbi (RMB) into U.S. dollars in this release is based on the exchange rate of US\$1 = RMB8.2766. The percentages stated in this press release are calculated based on RMB.**

AboutNetEase.com,Inc.

NetEase.com, Inc is a leading China-based Internet technology company that pioneered the development of applications, services and other technologies for the Internet in China. The NetEase Web sites, operated by a company affiliate, organize and provide access to 18 content channels through distribution arrangements with more than one hundred international and

domestic content providers. In addition, the NetEase Web sites contain more than 1.5 million personal home pages. These pages, created and maintained by users, enable users to share information, communicate about interests and areas of expertise, and publish personal content accessible by other Chinese Internet users. The sites also offer online interactive community services through 1,500 community forums and more than 115,000 personal community forums created by registered users. At the end of March 2002, the number of simultaneous chat room participants reached 55,476 during peak hours, and the number of registered users of the NetEase Web sites reached 54 million. The average number of daily pageviews was over 200 million in March 2002.

NetEase also offers online multi-player games, as well as auction and online mall technology services that provide opportunities for e-commerce and traditional businesses to establish an online e-commerce presence on the NetEase Web sites.

This press release contains statements of a forward-looking nature. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. The accuracy of these statements may be impacted by a number of business risks and uncertainties that could cause actual results to differ materially from those projected or anticipated, including risks related to: the risk that the online advertising market in China will remain weak and subject to intense competition; the risk that NetEase will not be able to successfully monetize the user base of the NetEase Web sites and that its e-commerce and other fee-based services revenues will not continue to grow; the risk that NetEase will not be able to control its expenses in future periods; the operational and management difficulties which may arise from the recent successive changes in management; the ability of management to take effective steps that will raise the value of NetEase in the view of the investing public and thereby raise the Company's stock price above Nasdaq's minimum requirements and the related risk that liquidity in NetEase's American Depositary Shares could be severely impaired if it is unable to remain listed on the Nasdaq National Market or another stock exchange or trading system; the risk that the trading price of NetEase's American Depositary Shares may decrease further for a variety of reasons, some of which may be beyond the control of management; the possibility that NetEase and its board of directors have not implemented effective or complete steps to ensure that the circumstances which led to the restatement of NetEase's financial statements for the year ended December 31, 2000 will not recur; the risk that current or future appointees to management are not effective in their respective positions; the difficulty in locating and recruiting suitable candidates for middle and senior management positions; NetEase's ability to develop and implement additional operational and financial systems to manage NetEase's operations; competition in NetEase's existing and potential markets; governmental uncertainties, general competition and price pressures in the marketplace; uncertainty as to future profitability; 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 NetEase's filings with the Securities and Exchange Commission, including its registration statement on Form F-1, as amended. NetEase does not undertake any obligation to update this forward-looking information, except as required under applicable law.

NETEASE.COM, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2000	December 31, 2001	December 31, 2001
	RMB	RMB	US\$ (Note 1)
Assets			
Current assets:			
Cash	708,561,012	479,608,534	57,947,531
Restricted cash	136,052,705	90,308,448	10,911,298
Temporary cash investments	-	45,521,300	5,500,000
Accounts receivable, net of allowance of doubtful accounts of RMB1,241,715 and nil at December 31, 2000 and 2001, respectively	684,888	-	-
Prepayments and other current assets	14,825,533	9,136,362	1,103,878
Due from related parties, net of allowance of doubtful accounts of RMB342,737 and RMB7,447,775 (US\$899,859) at December 31, 2000 and 2001, respectively	5,869,195	2,290,204	276,708
Total current assets	865,993,333	626,864,848	75,739,415
Non-current rental deposit	1,682,710	1,087,487	131,393
Investment in convertible note	827,810	-	-
Investment in convertible preference shares	16,556,199	9,701,293	1,172,135
Property, equipment and software, net	35,362,091	36,356,088	4,392,636
Deferred asset	673,407	783,352	94,647
Total assets	921,095,550	674,793,068	81,530,226
Liabilities & Shareholders' Equity			
Current liabilities:			
Short-term bank loans	112,600,000	84,000,000	10,149,095
Accounts payable	7,562,448	13,116,442	1,584,762
Salary and welfare payable	6,732,037	9,936,211	1,200,518
Taxes payable	1,007,104	1,772,931	214,210
Deferred revenue	558,739	-	-
Accrued liabilities	18,781,557	10,937,950	1,321,552
Due to related parties	1,313,229	-	-
Total current liabilities	148,555,114	119,763,534	14,470,137
Commitments and contingencies			
Shareholders' equity:			
Ordinary shares, US\$0.0001 par value: 1,000,000,000 shares authorized, 3,010,555,600 shares issued and outstanding as of December 31, 2000, and 3,024,175,192 shares issued and outstanding as of December 31, 2001	2,492,350	2,503,626	302,495
Additional paid-in capital	1,076,505,358	1,044,889,829	126,246,264
Less: Subscriptions receivable	(47,829,909)	(35,100,568)	(4,240,940)
Deferred compensation	(37,306,585)	(3,344,574)	(404,100)
Translation adjustments	(348,586)	217,327	26,257
Accumulated deficit	(220,972,192)	(454,136,106)	(54,869,887)
Total shareholders' equity	772,540,436	555,029,534	67,060,089
Total liabilities & shareholders' equity	921,095,550	674,793,068	81,530,226

Note 1: The conversion of Renminbi (RMB) into United States dollars (USD) is based on the noon buying rate of USD1.00=RMB8.2766 on December 31, 2001 in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York.

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