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NetEase.com Announces Significant Improvement in First Quarter 2002 Financial Results

Beijing, April 23, 2002

NetEase.com, Inc (Nasdaq: NTES), a leading Internet technology provider in China, today announced its financial results for the quarter ended March 31, 2002.

The Company reported total revenues of RMB24.0 million (US\$2.9 million) for the quarter ended March 31, 2002, a 376.0% increase over total revenues of RMB5.0 million (US\$0.6 million) for the corresponding period in 2001 and a 126.5% increase over total revenues of RMB10.6 million (US\$1.3 million) for the preceding quarter ended December 31, 2001.

As of the end of the first quarter 2002, the NetEase Web sites had 53.4 million registered users, which represented an increase of 198.3% over the 17.9 million users at the end of first quarter of 2001 and a 23.6% increase over the 43.2 million users at the end of the fourth quarter of 2001. In addition, average daily pageviews for the month of March 2002 were over 200 million, representing an increase of 14.7% over the average daily pageviews of 174.4 million in December 2001.

Advertising services revenues increased to RMB3.9 million (US\$0.5 million) for the quarter ended March 31, 2002, representing a 14.6% increase over the corresponding period a year ago of RMB3.4 million (US\$0.4 million) and a 28.6% increase over the fourth quarter of 2001 of RMB3.1 million (US\$0.4 million). The increase was due to a somewhat improved climate in the online advertising market in China, as well as the Company's expanded advertising sales activities which resulted from the strengthening of management and the recruitment of additional sales staff.

Revenues from e-commerce and other services for the quarter ended March 31, 2002 were RMB20.0 million (US\$2.4 million), representing a 1184.1% increase over the corresponding period a year ago of RMB1.6 million (US\$0.2 million) and a 166.0% increase over the fourth quarter of 2001 of RMB7.5 million (US\$0.9 million). This increase in revenues was primarily derived from the significant growth in NetEase's fee-based services, predominantly its wireless services and to a lesser extent its online game, "Westward Journey Online," and other services,

such as premium e-mail, friend finding service (<http://love.163.com>) and dating service (<http://dating.163.com>).

Ted Sun, acting Chief Executive Officer, commented, "It is encouraging to see our strategy of monetizing the enormous user base of the NetEase Web sites by offering them fee-based premium services has continued to experience success, as reflected by the users' receptiveness to our fee-based services and the significant growth in revenue derived from them. We remain focused on further monetizing the NetEase Web sites' user base to enhance our revenue growth going forward."

After reporting a loss on revenues in 2000 and 2001, the Company achieved a gross profit for the first quarter of 2002 of RMB7.4 million (US\$0.9 million), representing a gross margin of 30.8%, compared to a loss on revenues of RMB9.1 million (US\$1.1 million) for the corresponding quarter of 2001 and RMB4.3 million (US\$0.5 million) for the preceding quarter ended December 31, 2001. The gross profit was primarily driven by economies of scale as revenues continued to increase with a relatively stable cost of revenues. Total operating expenses decreased to RMB26.4 million (US\$3.2 million) for the quarter ended March 31, 2002, representing a 48.8% decrease from the corresponding period a year ago of RMB51.6 million (US\$6.2 million) and a 26.9% decrease from the fourth quarter of 2001 of RMB36.1 million (US\$4.4 million). This decrease was principally attributable to management's cost controlling efforts, although the Company continued to incur significant expenses for its professional advisors in that period.

The net loss for the quarter ended March 31, 2002 was RMB17.8 million (US\$2.1 million) or US\$0.07 per American Depositary Share, representing a significant improvement over the net loss of RMB57.3 million (US\$6.9 million) for the first quarter of 2001 and RMB41.3 million (US\$5.0 million) for the fourth quarter of 2001.

As of March 31, 2002, NetEase's total net cash balance was RMB526.1 million (US\$63.6 million). Subsequent to that date, NetEase also received a payment of RMB10.8 million (US\$1.3 million) in cash from its related parties in respect of advertising services and e-commerce and other services revenues collected by those parties.

Denny Lee, Chief Financial Officer, added that, "With the improvement of our financial results and our healthy balance sheet, we strongly believe that we are well positioned to capitalize on the future potential of China's Internet market. Propelled by these first quarter results and the recent positive trends in our business, we will strive to sustain and enhance this level of revenue. Toward this goal, we will focus on further improving our gross margin by leveraging our economies of scale."

** Note: The conversion of Renminbi (RMB) into U.S. dollars in this release is based on the exchange rate of US\$1 = RMB8.2774. The percentages stated in this press release are calculated based on RMB.**

About NetEase.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 53.4 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 weaken and also remain 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 and may not enjoy significant economies of scale 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, 2001	March 31, 2002	March 31, 2002
	RMB	RMB	USD (Note 1)
	(Audited)	(Unaudited)	(Unaudited)
Assets			
Current assets:			
Cash	479,608,534	510,644,775	61,691,446
Restricted cash	90,308,448	65,495,126	7,912,524
Temporary cash investments	45,521,300	-	-
Prepayments and other current assets	9,136,362	10,524,182	1,271,436
Due from related parties, net	2,290,204	10,359,050	1,251,486
Total current assets	626,864,848	597,023,133	72,126,892
Non-current rental deposit	1,087,487	-	-
Investment in convertible preference shares	9,701,293	-	-
Property, equipment and software, net	36,356,088	33,175,732	4,007,989
Deferred assets	783,352	355,933	43,001
Total assets	674,793,068	630,554,798	76,177,882
Liabilities & Shareholders' Equity			
Current liabilities:			
Short-term bank loans	84,000,000	50,000,000	6,040,544
Accounts payable	13,116,442	11,948,547	1,443,515
Salary and welfare payable	9,936,211	12,702,495	1,534,600
Taxes payable	1,772,931	2,298,467	277,680
Deferred revenue	-	328,728	39,714
Accrued liabilities	10,937,950	14,905,015	1,800,688
Total current liabilities	119,763,534	92,183,252	11,136,741
Commitments and contingencies			
Shareholders' equity:			
Ordinary shares, US\$0.0001 par value: 1,000,000,000,000 shares authorized, 3,024,175,192 shares issued and outstanding as of December 31, 2001, and 3,034,241,863 shares issued and outstanding as of March 31, 2002	2,503,626	2,511,961	303,472
Additional paid-in capital	1,044,889,829	1,045,611,032	126,321,192
Less: Subscriptions receivable	(35,100,568)	(35,100,568)	(4,240,531)
Deferred compensation	(3,344,574)	(2,951,423)	(356,564)
Translation adjustments	217,327	230,363	27,830
Accumulated deficit	(454,136,106)	(471,929,819)	(57,014,258)
Total shareholders' equity	555,029,534	538,371,546	65,041,141
Total liabilities and shareholders' equity	674,793,068	630,554,798	76,177,882

Note 1: The conversion of Renminbi (RMB) into United States dollars (USD) is based on the noon buying rate of USD1.00=RMB6.2774 on March 31, 2002 in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York.

NETEASE.COM, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the three months ended			
	March 31, 2001	December 31, 2001	March 31, 2002	March 31, 2002
	RMB (Unaudited)	RMB (Unaudited)	RMB (Unaudited)	USD (Note 1) (Unaudited)
Revenues:				
Advertising services	3,444,338	3,069,350	3,946,530	476,784
E-commerce and other services	1,554,986	7,505,584	19,968,083	2,412,362
Software licensing and related integration projects	33,218	-	39,385	4,758
Total revenues	5,032,542	10,574,934	23,953,998	2,893,904
Sales and value-added taxes	(686,027)	(624,998)	(1,197,700)	(144,695)
Net revenues	4,346,515	9,949,936	22,756,298	2,749,209
Cost of revenues:				
Advertising, e-commerce and other services	(13,435,463)	(14,289,494)	(14,894,747)	(1,799,448)
Share compensation cost	-	-	(477,032)	(57,631)
Total cost of revenues	(13,435,463)	(14,289,494)	(15,371,779)	(1,857,079)
Gross profit (Loss on revenues)	(9,088,948)	(4,339,558)	7,384,519	892,130
Operating expenses:				
Selling, general and administrative expenses	(46,526,863)	(29,505,098)	(22,202,753)	(2,682,334)
Asset impairment loss	-	(2,766,543)	-	-
Research and development expenses	(2,891,847)	(3,065,057)	(3,565,372)	(430,736)
Share compensation cost	(3,184,177)	(784,486)	(646,657)	(78,002)
Total operating expenses	(51,602,887)	(36,121,184)	(26,413,782)	(3,191,072)
Operating loss	(60,691,835)	(40,460,742)	(19,029,263)	(2,298,942)
Other income (expenses):				
Investment impairment loss	(2,069,475)	-	-	-
Interest income	7,882,834	1,707,710	1,949,086	235,471
Interest expense	(2,458,847)	(2,499,021)	(996,735)	(120,416)
Other, net	(802)	(44,664)	283,199	34,214
Loss before tax	(57,338,125)	(41,296,717)	(17,793,713)	(2,149,673)
Provision for income tax	-	-	-	-
Net loss	(57,338,125)	(41,296,717)	(17,793,713)	(2,149,673)
Net loss per share, basic and diluted	(0.02)	(0.01)	(0.01)	(0.01)
Net loss per ADS, basic and diluted	(1.90)	(1.37)	(0.59)	(0.07)
Weighted average number of ordinary shares outstanding	3,010,555,600	3,020,320,600	3,024,318,700	3,024,318,700
Weighted average number of ADS outstanding	30,105,556	30,203,206	30,243,187	30,243,187

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