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**NetEase.com Announces Completion of Investigation and Restatement of Year 2000  
Financial Statements  
2000 Net Loss Revised Upward by US\$0.13 per American Depositary Share**

**Beijing, August 28, 2001**

NetEase.com, Inc. (Nasdaq: NTESE), a leading Internet technology provider in China, today announced that the internal investigation conducted by the Audit Committee of its Board of Directors has been completed, and the company's 2000 financial statements are being restated to incorporate all relevant information obtained in that investigation.

**Results of Audit Committee Investigation**

On May 8, 2001, NetEase.com announced that its Board of Directors had discovered potential issues regarding the terms of certain advertising contracts. Based on information available at that time, NetEase.com believed that these issues would only affect the company's financial statements for the quarter ended March 31, 2001. As a result of this discovery, the Audit Committee, together with the company's outside counsel and independent auditors, immediately began an intensive investigation.

On June 11, 2001, the company announced that it had expanded the scope of the internal investigation to include a review of its 2000 financial statements. The Audit Committee subsequently determined by the end of the investigation that the terms and execution status of certain advertising contracts between the company and third party advertisers and the nature of certain barter transactions were such that revenue for those items could not be recognized in fiscal year 2000.

Specifically, the Audit Committee has concluded that NetEase.com's consolidated financial statements for the fiscal year ended December 31, 2000 should be restated to reflect the following three categories of adjustments:

- The first category of adjustments arises from advertising contracts for which the Audit Committee could not identify sufficient reliable evidence to support the fair value of the services which had been provided by NetEase.com prior to December 31, 2000 or,

alternately, for which there had been no services provided by NetEase.com in fiscal year 2000. Accordingly, no revenue could be recognized under these contracts for fiscal year 2000. The findings of the Audit

Committee's investigation indicate that, with respect to fiscal year 2000, US\$1.1 million in revenue was improperly recorded for this reason. At present, the company cannot ascertain what portion, if any, of this amount can be recognized in future periods.

- The second category of adjustments was necessitated by the company's recognition of certain revenue from barter transactions for which revenue could not be recognized under U.S. generally accepted accounting principles. This category amounted to a total of US\$2.0 million in revenue which should not have been recorded in fiscal year 2000, and NetEase.com does not expect that it will recognize this revenue in future periods.
- The third category of adjustments concerns certain transactions which lacked economic substance, which resulted in US\$1.2 million of revenue being eliminated from the company's statements of operations for fiscal year 2000.

Under the Audit Committee's supervision, NetEase.com's management is also in the process of implementing certain organizational changes and improved internal controls and procedures which are designed to ensure that the circumstances which led to the restatement will not occur again. In addition, the company is continuing its efforts to enhance its management team. As part of these steps, NetEase.com has established a new Executive Committee comprised of certain officers of the company and such other persons as the company's Board may designate, which will meet periodically to, among other things, review and evaluate major operational issues regarding the company's business and monitor company performance.

#### Restatement of 2000 Financial Statements

The net impact of all adjustments on NetEase.com's net revenues is a 53.2% decrease in the company's previously reported net revenues for fiscal year 2000. Specifically, the company's restated net revenues for 2000 totaled US\$3.7 million, resulting in a loss on revenues of US\$1.1 million. NetEase.com had originally reported net revenues for 2000 of US\$7.9 million, with a gross profit of US\$2.9 million. Advertising services and e-commerce related services accounted for 83% (US\$3.6 million compared to US\$7.3 million previously reported) and 17% (US\$297,000 compared to US\$1.0 million previously reported), respectively, of the decrease in total gross revenues resulting from the adjustments. In addition, the company's total cost of revenues and total operating expenses were reduced by US\$116,000 and US\$872,000, respectively, in connection with the adjustments.

Consequently, NetEase.com incurred a net loss of US\$20.4 million or US\$0.82 per American Depositary Share, compared to a previously reported net loss of US\$17.3 million or US\$0.69 per American Depositary Share. The adjustments also decreased previously reported total assets by US\$8.8 million.

As of December 31, 2000, NetEase.com's total net cash balance was US\$85.6 million. This figure was not affected by the adjustments.

NetEase.com's management stated that they believe they have made all the adjustments which are necessary as a result of the Audit Committee's investigation. The accompanying Adjustments to Financial Statements schedule shows the net impact of these adjustments on NetEase.com's previously reported financial statements for fiscal year 2000 in greater detail.

NetEase.com also announced that, with the Audit Committee's investigation complete, it will file its Annual Report on Form 20-F with the U.S. Securities and Exchange Commission and Nasdaq today. The company also confirmed that it will diligently contest the previously announced decision by Nasdaq to delist the company's shares from the Nasdaq National Market due to its failure to file its Annual Report by the due date. NetEase.com's American Depository Shares will remain listed on the Nasdaq National Market pending the outcome of the company's appeal with the Nasdaq Listing Qualifications Panel.

William Lei Ding, Chairman of the Board and acting Chief Executive Officer and Chief Operating Officer of NetEase.com commented, "The company sincerely appreciates the thorough, conscientious manner in which the Audit Committee conducted its investigation. While the restatement of our 2000 financial statements which was necessitated by the results of the investigation has caused a significant reduction in our net revenues, we are pleased that the trend in the growth of our advertising revenues, which is our principal source of revenue, remained strongly positive, increasing by 179% from fiscal 1999 to 2000. We are also pleased with the progress we have made in adopting procedures to prevent a recurrence of this problem."

Mr. Ding concluded, "We believe that the Chinese Internet market still presents an incredible opportunity, and we will work to continue our momentum to capture a significant part of it. It is also important to note that our strong operating metrics have not been impacted by the restatement, including the steady growth in the average number of daily page views that the NetEase.com Web sites have enjoyed."

Note: All financial information in this release is expressed in US dollars and is based on the exchange rate of US\$1 = RMB8.2774 as of December 31, 2000. The percentages stated in this release are calculated based on RMB.

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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 NetEase.com will not be able to locate and retain suitable people for its Board of Directors and middle and senior management; the outcome of the Nasdaq Listing Qualifications Panel decision regarding NetEase.com's possible delisting from the Nasdaq National Market; the ability of NetEase.com to successfully appeal the panel's decision, if necessary; the availability of alternative trading markets for NetEase.com's American Depositary Shares or ordinary shares, including the over-the-counter bulletin board, if NetEase.com's shares are delisted from the Nasdaq National Market; the length of time it will take for the company to file its Annual Report on Form 20-F with the U.S. Securities and Exchange Commission and Nasdaq; uncertainty as to NetEase.com's future profitability; NetEase.com's ability to develop and implement operational and financial systems to manage rapidly expanding operations; competition in NetEase.com's existing and potential markets; the risk that security, reliability and confidentiality concerns may impede broad use of the Internet; and other risks outlined in NetEase.com's filings with the Securities and Exchange Commission, including its registration statement on Form F-1, as amended. NetEase.com does not undertake any obligation to update this forward-looking information, except as required under applicable law.