

NETEASE.COM, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2001	September 30, 2002	September 30, 2002
	RMB (Audited)	RMB (Unaudited)	USD (Note 1) (Unaudited)
Assets			
Current assets:			
Cash	479,608,534	521,516,698	63,004,893
Restricted cash	90,308,448	1,203,551	145,402
Temporary cash investments	45,521,300	-	-
Prepayments and other current assets	9,136,362	6,171,432	745,576
Due from related parties, net	2,290,204	16,585,439	2,003,701
Total current assets	626,864,848	545,477,120	65,899,572
Non-current rental deposit	1,087,487	-	-
Investment in convertible preference shares	9,701,293	-	-
Property, equipment and software, net	36,356,088	28,467,200	3,439,148
Deferred assets	783,352	277,499	33,525
Total assets	674,793,068	574,221,819	69,372,245
Liabilities & Shareholders' Equity			
Current liabilities:			
Short-term bank loans	84,000,000	-	-
Accounts payable	13,116,442	8,257,698	997,620
Salary and welfare payable	9,936,211	10,630,241	1,284,249
Taxes payable	1,772,931	7,663,987	925,893
Deferred revenue	-	226,463	27,359
Accrued liabilities	10,937,950	11,554,077	1,395,858
Total current liabilities	119,763,534	38,332,466	4,630,979
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 3,079,030,482 shares issued and outstanding as of September 30, 2002	2,503,626	2,548,647	307,904
Additional paid-in capital	1,044,889,829	1,048,353,411	126,652,501
Less: Subscriptions receivable	(35,100,568)	(33,113,848)	(4,000,513)
Deferred compensation	(3,344,574)	(1,202,500)	(145,275)
Translation adjustments	217,327	218,990	26,457
Accumulated deficit	(454,136,106)	(480,915,347)	(58,099,808)
Total shareholders' equity	555,029,534	535,889,353	64,741,266
Total liabilities and shareholders' equity	674,793,068	574,221,819	69,372,245

Note 1: The conversion of Renminbi (RMB) into United States dollars (USD) is based on the noon buying rate of USD1.00=RMB8.2774 on September 30, 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			
	September 30, 2001	June 30, 2002	September 30, 2002	September 30, 2002
	RMB (Unaudited)	RMB (Unaudited)	RMB (Unaudited)	USD (Note 1) (Unaudited)
Revenues:				
Advertising services	4,191,949	8,029,230	9,779,126	1,181,425
E-commerce and other services	3,017,458	30,337,297	63,999,662	7,731,855
Software licensing and related integration projects	-	118,154	618,138	74,678
Total revenues	<u>7,209,407</u>	<u>38,484,681</u>	<u>74,396,926</u>	<u>8,987,958</u>
Sales and value-added taxes	<u>(433,963)</u>	<u>(1,924,880)</u>	<u>(3,694,693)</u>	<u>(446,359)</u>
Net revenues	<u>6,775,444</u>	<u>36,559,801</u>	<u>70,702,233</u>	<u>8,541,599</u>
Cost of revenues:				
Advertising, e-commerce and other services	(15,444,570)	(14,107,720)	(19,940,627)	(2,409,044)
Share compensation cost	-	(477,032)	(477,032)	(57,631)
Total cost of revenues	<u>(15,444,570)</u>	<u>(14,584,752)</u>	<u>(20,417,659)</u>	<u>(2,466,675)</u>
(Loss on revenues) Gross Profit	<u>(8,669,126)</u>	<u>21,975,049</u>	<u>50,284,574</u>	<u>6,074,924</u>
Operating expenses:				
Selling, general and administrative expenses	(45,465,590)	(21,962,075)	(21,903,299)	(2,646,157)
Asset impairment loss	-	(746,857)	-	-
Research and development expenses	(2,659,269)	(3,884,600)	(2,714,442)	(327,934)
Share compensation cost	(1,058,507)	(597,764)	(358,700)	(43,335)
Class action settlement	-	-	(36,005,385)	(4,349,842)
Total operating expenses	<u>(49,183,366)</u>	<u>(27,191,296)</u>	<u>(60,981,826)</u>	<u>(7,367,268)</u>
Operating loss	<u>(57,852,492)</u>	<u>(5,216,247)</u>	<u>(10,697,252)</u>	<u>(1,292,344)</u>
Other income (expenses):				
Investments impairment loss	(6,854,906)	-	-	-
Interest income	3,812,026	2,281,729	1,719,807	207,771
Interest expense	(2,605,658)	(212,382)	(191,924)	(23,187)
Other, net	-	3,185,235	145,506	17,579
(Loss)Profit before tax	<u>(63,501,030)</u>	<u>38,335</u>	<u>(9,023,863)</u>	<u>(1,090,181)</u>
Provision for income tax	-	-	-	-
Net (loss)profit	<u>(63,501,030)</u>	<u>38,335</u>	<u>(9,023,863)</u>	<u>(1,090,181)</u>
(Net loss)Earnings per share, basic and diluted	<u>(0.02)</u>	<u>0.01</u>	<u>(0.01)</u>	<u>(0.01)</u>
(Net loss)Earnings per ADS, basic and diluted	<u>(2.11)</u>	<u>0.01</u>	<u>(0.30)</u>	<u>(0.04)</u>
Weighted average number of ordinary shares outstanding	<u>3,012,522,900</u>	<u>3,038,264,700</u>	<u>3,046,595,200</u>	<u>3,046,595,200</u>
Weighted average number of ADS outstanding	<u>30,125,229</u>	<u>30,382,647</u>	<u>30,465,952</u>	<u>30,465,952</u>

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