

Netease.com, Inc.
Consolidated Statements of Operations
(Amounts expressed in RMB)

	Three months ended		
	September 30, 1999 (Unaudited)	September 30, 2000 (Unaudited)	June 30, 2000 (Unaudited)
Revenues:			
Advertising services	2,385,517	18,290,570	12,397,605
Software licensing and related integration projects	922,166	116,321	117,188
E-commerce related services	-	2,720,194	1,861,932
Total revenues	3,307,683	21,127,085	14,376,725
Sales and value-added taxes	(320,502)	(1,056,355)	(718,839)
Net revenues	2,987,181	20,070,730	13,657,886
Cost of revenues:			
Advertising and e-commerce related services	(1,271,545)	(11,889,139)	(10,217,254)
Software licensing and related integration projects	(3,244)	-	-
Total cost of revenues	(1,274,789)	(11,889,139)	(10,217,254)
Gross profit	1,712,392	8,181,591	3,440,632
Operating expenses:			
Selling, general and administrative (including share compensation cost of RMB 0, RMB 2,209,809 and RMB 2,138,643 for the three months ended September 30, 1999 and 2000 and June 30, 2000, respectively)	(3,692,792)	(58,111,528)	(30,886,615)
Research and development (including share compensation cost of RMB 0, RMB 906,360 and RMB 906,360 for the three months ended September 30, 1999 and 2000 and June 30, 2000, respectively)	(183,453)	(3,177,624)	(3,255,570)
Total operating expenses	(3,876,245)	(61,289,152)	(34,142,185)
Operating loss	(2,163,853)	(53,107,561)	(30,701,553)
Other income (expenses):			

Sales of 163.net usage right	1,500,000	-	-
Interest income	(31,027)	11,525,623	3,564,883
Other, net	(38,919)	(6,646)	(847)
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Loss before tax	(733,799)	(41,588,584)	(27,137,517)
Provision for income tax	(35,417)	-	-
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Net loss	<u>(769,216)</u>	<u>(41,588,584)</u>	<u>(27,137,517)</u>
Pro forma net loss per share, basic and diluted (See Note)	(0.01)	(0.01)	(0.01)
Pro forma net loss per ADS, basic and diluted (See Note)	(0.04)	(1.39)	(1.06)
Pro forma weighted average number of ordinary shares outstanding (See Note)	1,868,817,200	2,985,830,300	2,560,555,600
Pro forma weighted average number of ADSs outstanding (See Note)	18,688,172	29,858,303	25,605,556

- Note:
- The pro forma per share information and pro forma shares and ADS outstanding for the three months ended June 30, 2000 does not give effect to the Company's IPO, which closed on July 6, 2000.
 - The above pro forma information has given effect to the conversion of all preference shares into ordinary shares as if conversion had occurred on the date of issuance.

Netease.com, Inc.
Consolidated Balance Sheets
(Amounts expressed in RMB)

	December 31, 1999 (Audited)	September 30, 2000 (Unaudited)
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	117,800,096	783,253,641
Restricted cash		64,022,908
	-	
Accounts receivable, net	6,633,299	5,216,548
Prepayments	5,822,014	1,023,218
Other current assets	2,947,091	22,473,950
Due from related parties	1,017,245	17,337,984
	134,219,745	893,328,249
Total current assets		
Long-term receivable		1,682,710
	-	
Long-term investment		16,559,600
	-	
Property, plant and equipment, net	9,508,437	31,028,586
Deferred assets		35,932,037
	-	
	143,728,182	978,531,182
Total assets	143,728,182	978,531,182
 Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term loans	-	62,700,000
Accounts payable	1,142,224	3,889,398
Salary and welfare payable	1,869,403	7,148,997
Taxes payable	1,417,864	1,607,805
Deferred revenue	1,593,851	142,993
Accrued liabilities	697,650	14,962,552
Due to related parties	941,950	124,191
	7,662,942	90,575,936
Total current liabilities		
Long-term payable	-	180,000
	-	
Shareholders' equity:		
Series A convertible preference shares, US\$0.01 par value: 3,000,000 shares authorized, issued and outstanding (aggregate preference on liquidation of US\$15 million) as of December 31, 1999, and nil authorized, issued and outstanding as of September 30, 2000	248,367	-
Ordinary shares, US\$0.0001 par value: 1,000,000,000,000 shares authorized, 2,004,500,000 shares issued and outstanding as of December 31, 1999, 3,010,555,600 shares issued and outstanding as of September 30, 2000 (Note 1)	1,659,447	2,492,350
Less: Subscription receivable (Note 2)	-	(4,154)
Additional paid-in capital	197,604,001	1,080,331,198
Less: Subscription receivable (Note 2)	-	(6,435,248)
Deferred compensation	(11,743,182)	(44,245,879)
Accumulated deficit	(51,703,393)	(144,363,021)
	136,065,240	887,775,246
Total shareholders' equity		
Total liabilities & shareholders' equity	143,728,182	978,531,182

Note 1: The ordinary share amount as of September 30, 2000 has given effect to automatic conversion of Series A and Series B convertible preference shares to ordinary shares on the basis of one hundred ordinary shares to one preference share upon completion of the IPO, which was closed on July 6, 2000.

Note 2: Subscription receivable represents advances to some shareholders for subscription for the Company's ordinary shares. It is offset against capital as such ordinary shares are pledged by those shareholders as security for repayment of the advances.