

NETEASE.COM, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2000 RMB	December 31, 2001 RMB	December 31, 2001 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:			
1,000,000,000,000 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.

NETEASE.COM, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the three months ended				For the year ended		
	March 31, 2001	June 30, 2001	September 30, 2001	December 31, 2001	December 31, 2000	December 31, 2001	December 31, 2001
	RMB (Unaudited)	RMB (Unaudited)	RMB (Unaudited)	RMB (Unaudited)	RMB	RMB	USD (Note 1)
Revenues:							
Advertising services	3,444,338	3,458,315	4,191,949	3,069,350	30,067,477	14,163,952	1,711,325
E-commerce and other services	1,554,986	2,025,123	3,017,458	7,505,584	2,455,834	14,103,151	1,703,978
Software licensing and related integration projects	33,218	-	-	-	450,350	33,218	4,013
Total revenues	5,032,542	5,483,438	7,209,407	10,574,934	32,973,661	28,300,321	3,419,316
Sales and value-added taxes	(686,027)	(529,796)	(433,963)	(624,998)	(2,476,444)	(2,274,784)	(274,845)
Net revenues	4,346,515	4,953,642	6,775,444	9,949,936	30,497,217	26,025,537	3,144,471
Cost of revenues:							
Advertising, e-commerce and other services	(13,435,463)	(16,888,961)	(15,444,570)	(14,289,494)	(38,738,335)	(60,058,488)	(7,256,420)
Share compensation cost	-	-	-	-	(1,171,084)	-	-
Total cost of revenues	(13,435,463)	(16,888,961)	(15,444,570)	(14,289,494)	(39,909,419)	(60,058,488)	(7,256,420)
Loss on revenues	(9,088,948)	(11,935,319)	(8,669,126)	(4,339,558)	(9,412,202)	(34,032,951)	(4,111,949)
Operating expenses:							
Selling, general and administrative expenses	(45,526,863)	(61,063,073)	(45,465,590)	(29,505,098)	(162,922,561)	(181,560,624)	(21,936,619)
Asset Impairment Loss	-	-	-	(2,766,543)	-	(2,766,543)	(334,261)
Research and development expenses	(2,891,847)	(2,553,281)	(2,659,269)	(3,065,057)	(9,525,436)	(11,169,454)	(1,349,522)
Share compensation cost	(3,184,177)	2,669,412	(1,058,507)	(784,486)	(12,668,476)	(2,357,758)	(284,870)
Total operating expenses	(51,602,887)	(60,946,942)	(49,183,366)	(36,121,184)	(185,116,473)	(197,854,379)	(23,905,272)
Operating loss	(60,691,835)	(72,882,261)	(57,852,492)	(40,460,742)	(194,528,675)	(231,887,330)	(28,017,221)
Other income (expenses):							
Investments impairment loss	(2,069,475)	-	(6,854,906)	-	-	(8,924,381)	(1,078,266)
Interest income	7,882,834	4,168,617	3,812,026	1,707,710	27,858,710	17,571,187	2,122,996
Interest expense	(2,458,847)	(2,319,348)	(2,605,658)	(2,499,021)	(2,589,735)	(9,882,874)	(1,194,074)
Other, net	(802)	4,950	-	(44,664)	(9,099)	(40,516)	(4,896)
Loss before tax	(57,338,125)	(71,028,042)	(63,501,030)	(41,296,717)	(169,268,799)	(233,163,914)	(28,171,461)
Provision for income tax	-	-	-	-	-	-	-
Net loss	(57,338,125)	(71,028,042)	(63,501,030)	(41,296,717)	(169,268,799)	(233,163,914)	(28,171,461)
Net loss per share, basic and diluted	(0.02)	(0.02)	(0.02)	(0.01)	(0.07)	(0.08)	(0.01)
Net loss per ADS, basic and diluted	(1.90)	(2.36)	(2.11)	(1.37)	(6.78)	(7.74)	(0.93)
Weighted average number of ordinary shares outstanding	3,010,555,600	3,010,575,500	3,012,522,900	3,020,320,600	2,497,467,200	3,013,419,400	3,013,419,400
Weighted average number of ADS outstanding	30,105,556	30,105,755	30,125,229	30,203,206	24,974,672	30,134,194	30,134,194

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