

**NETEASE.COM INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Quarter Ended			
	March 31, 2004	December 31, 2004	March 31, 2005	March 31, 2005
	RMB	RMB	RMB	USD (Note 1)
<b>Cash flows from operating activities:</b>				
Net profit	103,912,036	130,155,408	153,877,833	18,592,138
Adjustments for:				
Depreciation	5,744,954	6,206,159	8,037,742	971,152
Share compensation cost	13,835	13,835	13,835	1,672
(Reversal of) Provision for doubtful debts	1,594,981	3,997,127	(1,610,102)	(194,539)
Amortization of issuance cost of convertible bonds	1,959,637	1,959,981	1,959,981	236,813
(Increase) Decrease in accounts receivable	(7,136,881)	31,301,560	(5,934,041)	(716,975)
(Increase) Decrease in prepayments and other current assets	(4,109,527)	5,721,790	(3,751,767)	(453,304)
(Increase) Decrease in deferred tax assets	2,398,047	3,205,911	(21,179,397)	(2,558,980)
Increase in accounts payable and other liabilities	21,765,133	1,643,750	22,600,013	2,730,625
Increase in deferred revenue	21,950,272	2,497,165	33,193,590	4,010,583
Increase (Decrease) in salary and welfare payable	(2,296,687)	11,664,996	(7,574,026)	(915,124)
Increase in taxes payable	-	5,365,040	28,835,032	3,483,964
Decrease in accrued liabilities	-	(751,413)	(4,240,407)	(512,343)
Net cash provided by operating activities	<u>145,795,800</u>	<u>202,981,309</u>	<u>204,228,286</u>	<u>24,675,682</u>
<b>Cash flows from investing activities</b>				
Decrease in held-to-maturity investments	165,830,133	82,929,919	-	-
Purchase of property, equipment and software	(12,078,529)	(9,464,912)	(20,970,098)	(2,533,691)
Increase in non-current deposit	(541,362)	(271,324)	(174,614)	(21,098)
Net cash (used in) provided by investing activities	<u>153,210,242</u>	<u>73,193,683</u>	<u>(21,144,712)</u>	<u>(2,554,789)</u>
<b>Cash flows from financing activities:</b>				
Proceed from employees exercising stock options	9,422,157	7,232,657	13,116,727	1,584,816
Re-purchase of ordinary shares	30,000	-	-	-
Net cash provided by financing activities	<u>9,452,157</u>	<u>7,232,657</u>	<u>13,116,727</u>	<u>1,584,816</u>
<b>Net increase in cash</b>	<u>308,458,198</u>	<u>283,407,649</u>	<u>196,200,301</u>	<u>23,705,709</u>
<b>Cash, beginning of the quarter</b>	<u>1,371,859,983</u>	<u>1,840,483,888</u>	<u>2,123,891,537</u>	<u>256,617,113</u>
<b>Cash, end of the quarter</b>	<u><u>1,680,318,181</u></u>	<u><u>2,123,891,537</u></u>	<u><u>2,320,091,838</u></u>	<u><u>280,322,822</u></u>
<b>Supplemental disclosures of cash flow information:</b>				
Cash paid during the quarter for income taxes	<u>7,610,124</u>	<u>5,778,940</u>	<u>3,284,692</u>	<u>396,870</u>
<b>Supplemental schedule of non-cash investing and financing activities:</b>				
Compensation costs, arising from transfer of ordinary shares and issuance of stock options in the Company to senior management personnel and some non-employees of the Company	<u>13,835</u>	<u>13,835</u>	<u>13,835</u>	<u>1,672</u>

The accompanying notes are an integral part of this press release.

Note 1: The conversion of Renminbi (RMB) into United States dollars (USD) is based on the noon buying rate of USD1.00 = RMB8.2765 on March 31, 2005 in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York.