
**SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549**

FORM 6-K

**REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the month of October, 2000

NETEASE.COM, INC.

**15/F, North Tower, Beijing Kerry Centre
No. 1 Guang Hua Road, Chao Yang District
Beijing, People's Republic of China
(Address of principal executive offices)**

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

82- N.A.

NETEASE.COM, INC.
Form 6-K

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: October 31, 2000

NETEASE.COM, INC.

By: /s/ Helen Haiwen He
Name: Helen Haiwen He
Title: Chief Financial Officer



Press Release

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NetEase.com Announces Third Quarter Revenue Increase of 539%

Registered users increase 482% to 9.26 million

Gross Margin increases to 38.7%

BEIJING - October 31, 2000 – NetEase.com, Inc. (Nasdaq: NTES), a leading Internet technology company supporting China's top ranked-web sites, today announced its results for the quarter ended September 30, 2000.

The company reported third quarter 2000 revenues of US\$ 2.55 million, representing a 538.7 percent increase over revenues of US\$ 0.4 million in the third quarter of 1999, and a 47.4 percent increase over second quarter 2000 revenues of US\$ 1.73 million. Net loss was US\$ 5.02 million or US\$0.168 pro forma per ADS, for the third quarter of 2000. Excluding stock compensation cost, net loss was US\$ 4.65 million or US\$0.156 pro forma per ADS.

As of the end of the third quarter of 2000, registered users were 9.26 million. This represents a 482 percent increase over the 1.59 million users at the end of the third quarter of 1999 and a 56.9 percent increase over the 5.9 million users at the end of the second quarter of 2000. Average daily page views for the month of September were 50 million, representing an increase of 123.7 percent over the average daily page views of June 2000.

Advertising services revenue for the quarter ended September 30, 2000 was US\$ 2.21 million, representing a 666.7 percent increase over the comparable period a year ago of US\$ 0.28 million and a 47.5 percent increase over second quarter advertising services revenue of

US\$ 1.50 million. The growth in advertising services revenue was driven by a continued increase in the average advertising expenditure per customer.

Revenue from e-commerce related services for the quarter ended September 30, 2000 was US\$0.33 million, an increase of 46.1 percent over second quarter e-commerce services revenue of US\$0.22 million. There was no e-commerce revenue for the same period last year.

King Lai, Chief Executive Officer of NetEase commented, "Our results this quarter establish NetEase's as a leader in the mainland China Internet market. Advertising revenue growth continued to be strong this quarter and our results illustrated the benefits of a well-diversified customer base. We expect our advertising services revenue to continue to grow into the fourth quarter and year 2001. We remain focused on further monetizing our online properties to drive our revenue growth going forward."

Gross profit for the third quarter was US\$ 0.99 million, representing a gross margin of 38.7 percent, compared to a gross margin of 23.9 percent in the second quarter. This improvement in gross margin was largely driven by economies of scale as revenues continued to increase at a faster rate than costs. Marketing expenses for the third quarter of 2000 were US\$ 4.59 million versus US\$ 1.6 million in the third quarter of 1999. This equates to US\$ 1.36 in acquisition cost per new registered user.

Helen He, Chief Financial Officer of NetEase, commented, "Consistent with our long term business strategy, we have invested in marketing efforts to further enhance our brand leadership and drive user growth. In the third quarter, we launched a full scale branding campaign that caused a portion of our marketing expenses to be shifted to the second half of 2000. Even with the new branding campaign, for the full year 2000 we expect our marketing costs will be less than we had originally planned. Additionally, we expect our gross margin to continue to increase into the fourth quarter and full year 2001 as we further recognize economies of scale."

Average net cash used per month for the third quarter of 2000 was US\$ 1.7 million. As of September 30, 2000, NetEase's total cash balance was US\$ 94.6 million.

Third Quarter Highlights

iamasia Rankings

During the third quarter, the NetEase Web site was rated China's number one Web site in terms of unique home audience users and number of page views by iamasia, a leading source of intelligence on Internet usage in the Asia Pacific region. According to the report, the NetEase 163.com site reaches more than half of all China's home Internet users; reaches 17 percent more people than the second-ranked Web site, Sina.com.cn; has twice as many unique users as Yahoo! China; and has 4 times more total page views than China.com. In addition to having the number one ranked Web site, www.163.com, the NetEase yeah.net site, was ranked the fourth most popular portal.

Marketing Campaign

On August 15th, NetEase launched a new television advertising campaign aimed at stimulating further growth of China's Internet. The theme of the campaign, "Power to the People," reflects NetEase's belief that the Internet empowers its users through meaningful information sharing and exchange. According to China Internet Network Information Center's recent semi-annual report, Internet users in China doubled during the first six months of this year to 16.9 million users.

Technology Developments

During the third quarter, NetEase expanded upon its heritage of technological innovation with new product developments and enhancements. The NetEase Web sites now allow single logon for access to all products within its network with the deployment of the NetEase User Registration System, or "NetEase Passport". To enhance user experience, the NetEase Web sites re-launched 18 content channels providing richer content and improved navigation functionality, revamped NetEase email systems to offer advanced features such as WAP mail, and improved the sites' community and chat systems. The NetEase Web sites have also incorporated an Open Directory model that relies on volunteer editors to enhance the quality and comprehensiveness of its Chinese language Web directory. Consistent with the company's brand idea of "Power to the People," the new directory allows registered volunteer editors to continually locate and retain the best content, thus promoting the sharing and exchange of information among the NetEase Web sites' growing user base.

Susan Chen, NetEase's Chief Operating Officer commented, "The powerful combination of the NetEase Web sites' number one ranking by *amasia*, our successful branding campaign and our technology expertise establish the NetEase Web sites as the premier Web sites in China. As a result, we are bringing in substantial new advertising customers. During the quarter, we signed on a record 42 new advertising customers. Our advertising customers include market leaders such as Nokia, Microsoft, AT&T, Intel, China Construction Bank and Smithkline Beecham."

Strategic Alliances

During the third quarter, NetEase entered into a strategic partnership with EachNet, China's top-ranked auction Web site. NetEase and EachNet partnered to create a co-branded Web site (eachnet.163.com), enabling the users of the NetEase Web sites to access EachNet's extensive range of auctions. NetEase and EachNet will share advertising revenues and commissions from transactions made on the co-branded site. In addition, NetEase and EachNet will jointly market and offer application technology services to assist Chinese businesses seeking e-commerce solutions.

During the quarter, NetEase announced the selection of Google as the Web sites' premier Chinese language search engine. NetEase is the first China based company to utilize Google's search technology.

As proof of NetEase's belief in bringing "Power to the People" through initiatives enhancing China's Internet growth, NetEase has formed a strategic partnership with CITIC Industrial Bank, one of the major commercial banks in China. Under this agreement, both companies will pool their expertise and resources to design CITIC Industrial Bank's corporate Web site. The partnership between NetEase and CITIC Industrial Bank aims to promote e-commerce in China through the development of online banking, online payment, credit cards and corporate

financial services.

Lai summarized, "From educating customers and media buyers in developing effective advertising mechanisms to promoting adoption of electronic commerce, NetEase is helping to accelerate the development of China's Internet market. We are extremely proud of our results this quarter as they further validate our position as a leader in this rapidly growing market."

**** Note: All financials in this release are expressed in US dollars, and are based on the exchange rate of US\$1 = 8.2798 RMB****

About NetEase.com, Inc.

NetEase.com, Inc. is a leading China-based Internet technology company and pioneered the development of applications, services and other technologies for the Internet in China. The NetEase Web sites, operated by our affiliate, organize and provide access to 18 separate channels of online content through content distribution arrangements with over 150 international and domestic content providers. In addition, the NetEase Web sites contain over 510,000 personal home pages created and maintained by our users that enable users to express themselves, to share ideas, interests and areas of expertise and to publish personal content accessible by other Chinese Internet users. The NetEase Web sites also offer online interactive community services through 200 community forums and over 43,000 personal community forums created by registered users. At the end of September 2000, the number of simultaneous chat room participants reached 45,056 during peak hours.

NetEase offers auction services on the NetEase Web sites featuring a wide range of products. In addition, NetEase features online retailing services, offering opportunities for e-commerce and traditional business customers to establish an online e-commerce presence on the NetEase Web sites.

Third Quarter 2000 Conference Call

NetEase will host a conference call to discuss third quarter 2000 earnings at 7:00am EST on Tuesday, October 31st. To participate on the call, please dial (973) 872-3100. Additionally, a replay of the conference call will be available on NetEase's Web site at www.163.com.

Disclosure Regarding Forward-Looking Statements:

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 expressions. 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 will not be able to successfully monetize the NetEase Web sites' user base to increase its advertising services and e-commerce services revenue; the risk that NetEase will not be able to successfully control its sales and marketing expenses as anticipated; the risk that the growth of Internet users in China will slow down in the future, which may adversely affect the growth of the NetEase Web sites' user base; the risk that the NetEase Web sites may be disrupted by events beyond NetEase's control, including systemic network failures or breaches of security; and other risks

outlined in NetEase's filings with the Securities and Exchange Commission; including its registration statement on Form F-1, as amended, prospectuses, or filings on Form 6-K. NetEase does not undertake any obligation to update this forward-looking information, except as required under applicable law.

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

	Three months ended		
	September 30, 1999	September 30, 2000	June 30, 2000
	(Unaudited)	(Unaudited)	(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)
	<u>(733,799)</u>	<u>(41,588,584)</u>	<u>(27,137,517)</u>
Loss before tax			
Provision for income tax	(35,417)	-	-
	<u>(769,216)</u>	<u>(41,588,584)</u>	<u>(27,137,517)</u>
Net loss			
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)

	<u>December 31, 1999</u>	<u>September 30, 2000</u>
	(Audited)	(Unaudited)
Assets		
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
	<u>134,219,745</u>	<u>893,328,249</u>
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
	<u>143,728,182</u>	<u>978,531,182</u>
Total assets		

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

Total current liabilities	7,662,942	90,575,936
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Long-term payable		180,000
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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)

Total shareholders' equity

136,065,240 887,775,246

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.