

# 網易 NETEASE

## www.163.com

### THE MARKET

NetEase (NASDAQ: NTES), China's leading internet technology company, is one of the country's largest portal and maintains a leading position in the area of developing internet applications, services and other related technology. With the mission of developing the internet in China, NetEase aims to enhance the exchange and sharing of information through the most advanced internet technology available today.

NetEase has been rated many times by CNNIC as one of China's top 10 websites. As of March 31, 2005, it has accumulated more than 330 million registered accounts and attracted an average daily page views of over 439 million.

### ACHIEVEMENTS

NetEase was the first company in China to offer an all-Chinese search engine and is currently also the only Chinese website using world-leading search engine technology. The company was the pioneer in developing and providing free email services, and offers the largest mailbox capacity amongst other free email providers in China. It was the first portal in China to provide personal home page services and free e-cards, as well as the first to provide virtual community services and auctions. The company was also the first portal to develop online games internally, offer online short messaging services (SMS), online digital albums and online shopping for digital and wireless products.

NetEase's free instant messaging (IM) services, branded NetEase POPO, now one of China's top IM products, was the first of its kind in the industry. The company was also amongst the first content providers for WAP services and the first to participate in the Monternet, providing SMS. Its 24-hour customer service – another first – won the prestigious "Best Customer Care Centre" award in 2004.

### HISTORY

As a relatively young company, the NetEase story stems from its entrepreneurial passion. The company was formed in June 1997 with the official introduction of its all-Chinese search engine service. Its free email service was launched the following January, followed by the offer of free domains. NetEase indisputably became one of China's leading internet portals within its first year, and is now a dominant force in the industry.

In 2000, NetEase was the first to adopt satellite technology into its realm of broadband domain. However, the milestone was when the company got successfully listed on the American NASDAQ stock market.

By 2001, NetEase's average daily page views had already surpassed 100 million. It took a slight hit along with the rest of the industry during the internet bubble burst. However the company did not only survive the burst – it thrived remarkably. That January, NetEase participated in the Monternet, providing SMS services and in November, it introduced paid email services. By December, it successfully launched a massive multi-player online role-playing game (MMORPG),

Westward Journey Online.

During 2002, the combination of SMS, online games, paid email service and other fee-based premium services became the major revenue source for internet companies in China. NetEase,



with its foresight and timely execution, became the first internet portal to report a profit in China and was also the best performing NASDAQ stock that year.

The two years following its listing were again stellar years for NetEase. It launched its internally developed free IM tools, NetEase POPO, and the second installment of its MMORPG, Westward Journey Online Version 2.0.

In January 2004, NetEase revamped its home page, furthering its commitment towards enhancing content development. In June, NetEase launched its second-generation IM communication tool, the NetEase POPO 2004 upgrade version. In July, NetEase and Google signed a strategic alliance agreement and by October, NetEase fully expanded its free email service, breaking the 1G capacity and increasing it to a maximum of 2G.

### THE PRODUCT

NetEase has launched a total of 19 content channels as well as Shanghai and Guangdong websites featuring comprehensive and enriched content. Through its wide and interesting variety of content, it has made itself an indispensable part of the Chinese internet users' lives.

NetEase's internally developed MMORPGs, Westward Journey Online Version 2.0 and Fantasy Westward Journey, are among China's most successful online games. In April 2005,





registered users of Westward Journey Online Version 2.0 exceeded 54 million, reaching a record of up to 430,000 simultaneous online users. Fantasy Westward Journey hit more than 35 million registered users and recorded 660,000 simultaneous online users.

In addition, NetEase has consistently remained up-to-date with wireless value-added services developments, being among the first content providers for WAP services in China and the first website to provide short messaging services for Monternet. Currently, NetEase has approximately 500 wireless value-added service products, which include its branded products such as SMS, MMS, interactive voice response (IVR), ring tones and more than 300 information subscription services. The company also actively



co-operates with China Mobile, China Unicom and other operators. By March 31, 2005, its NetEase POPO has attracted more than 27 million registered users, ranking the company third in China's IM market.

At the same time, NetEase provides effective and quality search products and commercial information through the synergy of Google's powerful internet search capabilities, Adwords search engine advertising services, and its own Open Directory Project. In July 2004, the company introduced a new platform for community interaction – bulo.163.com – a website bringing together discussion forums, personal home pages, IM and many other powerful functions. This site offers rich online interactive tools for internet users to establish wide, stable and trustworthy internet communication. Besides being renowned for its safe and stable paid email service, NetEase has always been China's best and largest provider of free email service. With over 100 million registered email accounts, NetEase is clearly the preferred email service provider in China.

## RECENT DEVELOPMENTS

NetEase will further its content development and work towards providing a comprehensive overview of each industry, user profile and the uniqueness of brands. Thereby, maximizing clients' returns. To strengthen its business, NetEase will put more effort into the development of new products. In the area of wireless value-added services, it will continue to expand the functions of its existing platform which will provide users with more creative and entertaining products.

In online games, NetEase has successfully licensed the action game Fly for Fun. In 2005, the company will launch a new MMORPG sword fighting game, targeting an entirely different segment of the online games community in China.

## PROMOTION

In 2002, NetEase attracted widespread attention when it launched its "NetEase – Power to the People" television commercial which called on the people to participate in the internet community.

In 2004, NetEase launched another branding campaign. In July and September, the company launched its new advertisements, "Community of Internet Experts"



and "Community of Internet Personalities". NetEase expanded on the original theme of "Power to the People", emphasising its sharp and optimistic brand proposition as well as its creative, imaginative and cheerful brand image, reflecting and identifying with its user community – people who are energetic, enthusiastic about life and full of imagination. NetEase also promotes its brand through events. With the theme "confident, bright, trendy, creative and superb", NetEase achieved great success in events such as the 2004 NetEase National Star Search and NetEase Sports Dream China Tour. In addition, NetEase has also been actively promoting the development of online advertising in China. The company sponsored the China Online Advertising Competition, with the aim of raising the creative standard of internet advertisements and contributing to the healthy and rapid growth of the industry.

## BRAND VALUES

As one of China's largest and most comprehensive internet portals, NetEase brings internet users the best in user experience, satisfying their diverse needs through its advance technology, quality products and excellent service. NetEase – Power to the People!

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## THINGS YOU DIDN'T KNOW ABOUT NETEASE

- Over 14 million unique visitors on NetEase per day (November, 2004, NetRatings)
- 94% of NetEase's users are aged between 20 and 45. They belong to the group that likes to try new things and has high purchasing power
- NetEase provides 100 million users with free email service of up to maximum 2G capacity