

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM F-2
REGISTRATION STATEMENT**

*Under
THE SECURITIES ACT OF 1933*

CTRIP.COM INTERNATIONAL, LTD.

(Exact name of registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

7389

(Primary Standard Industrial
Classification Code Number)

3F, Building 63-64

No. 421 Hong Cao Road

Shanghai 200233, People's Republic of China

(8621) 3406-4880

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Not Applicable

(I.R.S. Employer
Identification Number)

Cayman Islands
(State or other jurisdiction of
incorporation or organization)

CT Corporation System

111 Eighth Avenue

New York, New York 10011

(212) 664-1666

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are to be offered pursuant to dividend or interest reinvestment plans, check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered ⁽¹⁾⁽²⁾	Proposed maximum offering price per ordinary share ⁽¹⁾	Proposed maximum aggregate offering price ⁽¹⁾	Amount of registration fee
Ordinary Shares, par value US\$0.01 per share ⁽³⁾	[]	\$	\$61,532,241	\$7,796

(1) Estimated solely for the purpose of determining the amount of the registration fee in accordance with Rule 457 under the Securities Act of 1933.

(2) Includes ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first bona fide offered to the public. Includes 500,000 ordinary shares that the underwriters have the option to purchase to cover over-allotments, if any.

(3) American depositary shares issuable upon deposit of the ordinary shares registered hereby have been registered under a separate registration statement on Form F-6. Each American depositary share represents two ordinary shares.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to such Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. The selling shareholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated May , 2004

PROSPECTUS

2,216,182 American Depositary Shares



Ctrip.com International, Ltd.

Representing 4,432,364 Ordinary Shares

This is a global offering of 2,216,182 American Depositary Shares, or ADSs, of Ctrip.com International, Ltd. The selling shareholders named on page 25 are selling all of the ADSs being offered in this offering. We will not receive any proceeds from the ADSs sold by the selling shareholders.

Our ADSs are listed for trading on the Nasdaq Stock Market's National Market under the symbol "CTRP." On May 20, 2004, the last reported sale price for our ADSs was US\$24.95 per ADS. Each ADS represents two ordinary shares.

Investing in the ADSs involves risks that are described in the "[Risk Factors](#)" section beginning on page 4 of this prospectus.

	Per ADS	Total
Initial price to public	US\$	US\$
Underwriting discount	US\$	US\$
Proceeds, before expenses, to the selling shareholders	US\$	US\$

The underwriters may also purchase up to an additional 250,000 ADSs from certain selling shareholders at the initial price to the public, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities regulators has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The ADSs will be ready for delivery on or about May , 2004.

Merrill Lynch & Co.

The date of this prospectus is May , 2004

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You should rely only on the information contained in this prospectus. Neither we nor the selling shareholders nor the underwriters have authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor the selling shareholders nor the underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Unless otherwise indicated, (1) the terms “we,” “us,” “our company,” “our” and “Ctrip” refer to Ctrip.com International, Ltd., its predecessor entities and subsidiaries, and, in the context of describing our operations, also include our affiliated Chinese entities, (2) “shares” and “ordinary shares” refer to our ordinary shares, “ADSs” refers to our American depositary shares, each of which represents two ordinary shares, and “ADRs” refers to the American depositary receipts which evidence our ADSs, (3) “China” and “PRC” refer to the People’s Republic of China, excluding Taiwan, Hong Kong and Macau, and (4) all references to “RMB” are to the legal currency of China and all references to “U.S. dollars,” “dollars” and “US\$” are to the legal currency of the United States. Information in this prospectus assumes that the underwriters do not exercise their over-allotment options to purchase up to 250,000 additional ADSs. All numbers discussed in this prospectus are approximated to the closest round number.

PROSPECTUS SUMMARY

The following is qualified in its entirety by the detailed information included in other sections of this prospectus.

Ctrip.com International, Ltd.

Our Company

We are a leading consolidator of hotel accommodations and airline tickets in China. We aggregate information on hotels and flights and enable our customers to make informed and cost-effective hotel and flight bookings. Since commencing operations in 1999, we have become one of the best-known travel brands in China. We pioneered the development of a reservation and fulfillment infrastructure that enables our customers to:

- choose and reserve hotel rooms in cities throughout China and selected cities abroad;
- book and purchase airline tickets for domestic and international flights originating from China; and
- choose and reserve packaged tours that include transportation, accommodation, and sometimes guided tours as well.

We target our services primarily at business and leisure travelers in China who do not travel in groups. This type of travelers, who are referred to in the travel industry as FITs and whom we refer to as independent travelers in this prospectus, form a traditionally under-served yet fast-growing segment of the China travel market. We act as agent in substantially all of our transactions and generally do not take any inventory risks with respect to the hotel rooms and airline tickets booked through us. We derive our hotel reservation, air-ticketing and packaged-tour revenues mainly through commissions from our travel suppliers, primarily based on the transaction value of the rooms, airline tickets and packaged-tour products, respectively, booked through our services.

We believe that we are the largest consolidator of hotel accommodations in China in terms of the number of room nights booked. For the three months ended March 31, 2004, we sold approximately 850,000 hotel room nights. As of March 31, 2004, we had secured room supply relationships with over 2,100 hotels in China and over 580 hotels abroad, which cover a broad range in terms of price and geographical location. The quality and depth of our hotel supplier network enable us to offer our customers a wide selection of hotel accommodations, often at significant discounts to published rates. We believe our ability to offer reservations at highly rated hotels is particularly appealing to our customers. Revenues from our bookings for three-, four- and five-star hotels comprised approximately 95% of our revenues from our hotel reservation business in 2003.

We believe that we are currently the largest consolidator of airline tickets in China in terms of the number of airline tickets booked and sold. For the three months ended March 31, 2004, we sold approximately 310,000 tickets nationwide. Our airline ticket suppliers include all major Chinese airlines and many international airlines that operate flights originating from China. We are among the few airline ticket consolidators in China that maintain a centralized reservation system and ticket fulfillment infrastructure covering substantially all of the economically prosperous regions of China. Our customers can make flight reservations on their chosen routes and arrange ticket payment and delivery through our ticketing offices and third-party agencies located in over 37 major cities in China.

We offer our services to customers through an advanced transaction and service platform consisting of our centralized toll-free, 24-hour customer service center and bilingual websites. In 2003, transactions effected through our customer service center accounted for approximately 70% of our transaction volume, while our websites accounted for the balance.

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We have experienced significant revenue growth since we commenced operations in 1999. Our revenues grew from RMB6.9 million in 2000 to RMB46.4 million in 2001 to RMB105.3 million in 2002 and to RMB182.7 million (US\$22.1 million) in 2003.

Our Strategy

Our goal is to create long-term shareholder value by enhancing our position as a leading hotel and airline ticket consolidator in China. We believe that China's currently highly fragmented travel industry and under-served frequent independent traveler market provide us with significant growth opportunities. We intend to pursue the following strategies to achieve our goal:

- leverage the Ctrip brand to attract new travel suppliers and negotiate more favorable contractual terms with our existing suppliers, and strengthen the Ctrip brand by continuing to pursue a focused marketing and advertising campaign;
- expand our hotel supplier network and room inventory, primarily through focusing the expansion on hotels with three-, four- and five-star ratings and continuing to pursue guaranteed allotment arrangements with our hotel suppliers;
- expand air-ticketing and other travel product offerings, primarily through further promoting air-ticketing and packaged-tour products to existing customers who have used our other services as well as new customers;
- enhance transaction and service platform, primarily through continuing to invest in the training of our customer service representatives and upgrading of our information technology systems underlying our customer service center and websites;
- pursue selective strategic acquisitions and expand into Hong Kong and Macau, through exploring acquisitions that would allow us to expand the reach and scope of our travel products and services as well as our customer base in China, Hong Kong and Macau; and
- expand into the merchant business, through gradually establishing merchant business relationships with some of our travel suppliers.

Corporate Information

Our principal executive offices are located at 3F, Building 63-64, No. 421 Hong Cao Road, Shanghai 200233, People's Republic of China, and our telephone number is (8621) 3406-4880. Our principal website address is www.ctrip.com. The information on our website is not part of this prospectus.

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The Offering

Offering price	US\$ per ADS.
Selling shareholders	See “Selling Shareholders” for a list of the selling shareholders.
ADSs offered by the selling shareholders	2,216,182 ADSs.
ADSs outstanding after this offering	6,916,182 ADSs.
The ADSs	Each ADS represents two ordinary shares, par value US\$0.01 per share. The ADSs will be evidenced by American Depositary Receipts, or ADRs. The depositary will be the holder of the shares underlying your ADSs, and you will have rights as provided in the deposit agreement. To better understand the terms of the ADSs, you should carefully read the section in this prospectus entitled “Description of American Depositary Shares.” We also encourage you to read the deposit agreement, which is an exhibit to the registration statement that includes this prospectus.
Ordinary shares outstanding after this offering	The number of ordinary shares outstanding after this offering is 30,746,651 shares which (1) include 230,000 of our ordinary shares issued to James Jianzhang Liang, which are subject to our right to repurchase upon termination of Mr. Liang’s employment during the three-year period after he exercised the option, but (2) exclude 1,020,760 options outstanding under the 2000 Employees’ Stock Option Plan, and 743,440 options outstanding under the 2003 Employees’ Stock Option Plan.
Use of proceeds	We will not receive any of the proceeds from this offering.
Risk factors S	See “Risk Factors” and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in the ADSs.
Nasdaq National Market symbol	CTRP.
Depositary	The Bank of New York.

RISK FACTORS

Investing in our ADSs involves a high degree of risk. You should carefully consider the risks described below, together with the other information contained in this prospectus before making an investment decision. The risks described below are not the only ones facing our company. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our ADSs could decline due to any of these risks and you may lose all or part of your investment.

Risks Related to Our Company

Our limited operating history makes evaluating our business and prospects difficult.

We began our operations in 1999. As a result, we have a limited operating history for you to evaluate our business. It is also difficult to evaluate our prospective business, because we may not have sufficient experience to address the risks frequently encountered by early stage companies using new and unproven business models and entering new and rapidly evolving markets, including markets for online commerce and frequent independent travelers. These risks include our potential failure to:

- obtain new customers at reasonable cost, retain existing customers, encourage repeat purchases or convert visitors to our websites into customers;
- increase awareness of the Ctrip brand and continue to build user loyalty;
- retain existing hotels, airlines and other suppliers of travel services or expand our service offerings on satisfactory terms from our travel suppliers;
- adequately and efficiently operate, upgrade and develop the systems that we use to process customers' reservations;
- maintain adequate control of our expenses;
- attract and retain qualified personnel;
- respond to technological changes; or
- respond to competitive market conditions.

If we are unsuccessful in addressing any of these risks, our business will be materially adversely affected.

We have sustained losses in the past and may experience earnings declines or net losses in the future.

We sustained net losses in the periods prior to 2002. We cannot assure you that we can sustain profitability or avoid net losses in the future. We expect that our operating expenses will increase and the degree of increase in these expenses will be largely based on anticipated organizational growth and revenue trends. As a result, any decrease or delay in generating additional sales volume and revenue could result in substantial operating losses.

Declines or disruptions in the travel industry generally could reduce our revenue.

A large part of our business is currently driven by the trends that occur in the travel industry in China, including the hotel, airline and packaged-tour industries. As the travel industry is highly sensitive to business and personal discretionary spending levels, it tends to decline during general economic downturns. In addition, other adverse trends or events that tend to reduce travel and are likely to reduce our revenues include:

- a recurrence of SARS or any other serious contagious diseases;
- increased prices in the hotel, airline, or other travel-related industries;
- increased occurrence of travel-related accidents;

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- poor weather conditions; and
- natural disasters.

We could be severely affected by changes in the travel industry and will, in many cases, have little or no control over those changes.

The recurrence of SARS may materially and adversely affect our business and operating results.

In early 2003, several economies in Asia, including Hong Kong and China, were affected by the outbreak of the Severe Acute Respiratory Syndrome, or SARS. The travel industry in China, Hong Kong and some other parts of Asia suffered tremendously as a result of the outbreak of SARS. Although none of our employees was infected with SARS, our business and operating results were adversely affected. Total room nights booked through us decreased from over 131,000 and over 122,000 in May 2002 and June 2002, respectively, to over 36,000 and over 109,000 in May 2003 and June 2003, respectively.

As of April 30, 2004, a total of nine confirmed or suspected SARS cases had been reported in China, which included seven cases in Beijing and two cases in Anhui Province. All of the patients were known to have been linked to chains of transmission involving close personal contact with an identified patient who worked at the National Institute of Virology Laboratory of China's Center of Disease Control in Beijing. No further cases of SARS in China or anywhere else in the world have been reported since April 29, 2004. If there is a recurrence of an outbreak of SARS, it may adversely affect our business and operating results. For example, a future SARS outbreak could result in quarantines or closures to our customer service center in Shanghai if our employees are infected with SARS. In addition, ongoing concerns regarding SARS, particularly its effect on travel, could negatively impact our China-based customers' desire to travel. If there is a recurrence of an outbreak of SARS, travel to and from SARS-affected regions could be curtailed. Continued or additional restrictions on travel to and from these and other regions on account of SARS could have a material adverse effect on our business, results of operations and financial condition.

Our business may be harmed if our infrastructure and technology are damaged or otherwise fail or become obsolete.

Our customer service center and substantially all of our computer and communications systems are located at a single facility in Shanghai and are therefore vulnerable to damage or interruption from human error, computer viruses, fire, flood, power loss, telecommunications failure, physical or electronic break-ins, sabotage, vandalism, natural disasters and similar events. We currently do not have redundant systems and do not carry business interruption insurance to compensate us for losses that may occur.

We use an internally developed booking software system that supports nearly all aspects of our booking transactions. Our business may be harmed if we are unable to upgrade our systems and infrastructure fast enough to accommodate future traffic levels, or to avoid obsolescence, or successfully integrate any newly developed or purchased technology with our existing system. Capacity constraints could cause unanticipated system disruptions, slower response times, poor customer service, impaired quality and speed of reservations and confirmations, and delays in reporting accurate financial and operating information. These factors could cause us to lose customers and suppliers.

If we are unable to maintain existing, and establish new, arrangements with hotel suppliers similar to those we currently have, our business may suffer.

If we are unable to maintain satisfactory relationships with our existing hotel suppliers, or if our hotel suppliers establish similar or more favorable relationships with our competitors, our operating results and our business would be harmed, because we would not have the necessary supply of hotel rooms or hotel rooms at satisfactory rates to meet the needs of our customers. Our business depends significantly upon our ability to contract with hotels in advance for the guaranteed availability of a specified number of hotel rooms. We rely on hotel suppliers to provide us with rooms at discounted prices. However, our contracts with our hotel suppliers are

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not exclusive and most of the contracts must be renewed semi-annually or annually. We cannot assure you that our hotel suppliers will renew our contracts in the future on terms similar to those we currently have. Furthermore, in order to maintain and grow our business, we will need to establish new arrangements with hotels in our existing markets and in new markets. We cannot assure you that we will be able to identify appropriate hotels or enter into arrangements with those hotels on favorable terms, if at all. This failure could harm the growth of our business and, consequently, the price of our ADSs.

If we are unable to maintain existing arrangements with our airline ticket suppliers, our business may be harmed.

We derive significant benefits, including revenues, from our arrangements with major domestic airlines in China and many international airlines operating flights originating from China. Our airline ticket suppliers allow us to book and sell tickets on their behalf and collect commissions on tickets booked and sold through us. Although we currently have supply relationships with these airlines, these airlines also compete with us for ticket bookings and have entered into similar arrangements with many of our competitors and may continue to do so in the future. Such arrangements may be on better terms than we have. We cannot assure you that any of these airlines will continue to have supplier relationships with us. The loss of these supplier relationships would impair the profitability of our business as we would lose a significant source of our net revenues.

If we fail to increase our brand recognition, we may face difficulty in obtaining new business partners and consumers, and our business may be harmed.

We believe that establishing, maintaining and enhancing the Ctrip brand is a critical aspect of our efforts to grow our customer base and obtain new business partners. Some of our potential competitors already have well-established brands in the travel industry, increasing the importance of increasing and maintaining our brand recognition. The promotion of our brand will depend largely on our success in maintaining a sizeable and active customer base, providing high-quality customer service and organizing effective marketing and advertising programs. If our current customer base significantly declines, or the quality of our customer services substantially deteriorates, or if we fail to cost-effectively promote and maintain our brand, our business, operating results and financial condition would be materially adversely affected.

New competitors face low entry barriers to our industry, and if we do not compete successfully against new and existing competitors, we may lose our market share, and our profitability may be adversely affected.

We compete primarily with other consolidators of hotel accommodations and flight reservation services, such as www.elong.com. We also compete with traditional travel agencies.

In the future, we may also face competition from new players in the hotel consolidation market in China and abroad, such as expedia.com and hotels.com, that may enter China in the future. We may face more competition from hotels and airlines as they enter the discount rate market directly or through alliances with other travel consolidators. Our industry is characterized by relatively low fixed costs. In addition, like all other consolidators, we do not have exclusive arrangements with our travel suppliers. The combination of these two factors presents potential entrants to our industry with relatively low entry barriers.

Increased competition could reduce our operating margins and profitability and result in loss of market share. Some of our existing and potential competitors may have competitive advantages, such as significantly greater financial, marketing or other resources or name recognition and may be able to mimic and adopt our business model. We cannot assure you that we will be able to successfully compete against new or existing competitors.

Our business depends substantially on the continuing efforts of our key executives, and our business may be severely disrupted if we lose their services.

Our future success heavily depends upon the continued services of our key executives, particularly James Jianzhang Liang, Neil Nanpeng Shen and Min Fan, who are the Chief Executive Officer, Chief Financial Officer

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and Executive Vice President, respectively, of our company. We rely on their expertise in business operations, finance and travel services and on their relationships with our shareholders, suppliers and regulators. We do not maintain key-man life insurance for any of our key executives. If one or more of our key executives are unable or unwilling to continue in their present positions, we may not be able to easily replace them or at all. Therefore, our business may be severely disrupted, our financial conditions and results of operations may be materially and adversely affected, and we may incur additional expenses to recruit and train personnel.

In addition, if any of these key executives joins a competitor or forms a competing company, we may lose customers and suppliers. Each of our executive officers has entered into an employment agreement with us, which contains confidentiality and non-competition provisions. If any disputes arise between our executive officers and us, we cannot assure you the extent to which any of these agreements would be enforced in China, where these executive officers reside and hold most of their assets, in light of the uncertainties with China's legal system. See "— Risks Related to Doing Business in China — Uncertainties with respect to the Chinese legal system could adversely affect us."

Chinese laws and regulations restrict foreign investment in the air-ticketing, travel agency, advertising and Internet content provision businesses, and substantial uncertainties exist with respect to the application and implementation of Chinese laws and regulations.

We are a Cayman Islands corporation and a foreign person under Chinese laws. Due to the foreign ownership restrictions in the air-ticketing, travel agency, advertising and Internet content provision industries, we conduct part of our business through contractual arrangements with our affiliated Chinese entities. These entities hold the licenses and approvals that are essential for our business operations.

In the opinion of our Chinese counsel, our current ownership structures, the ownership structure of our wholly owned subsidiaries and our affiliated Chinese entities, the contractual arrangements among us, our wholly owned subsidiaries, our affiliated Chinese entities and their shareholders, and our business operations, are in compliance with all existing Chinese laws, rules and regulations. There are, however, substantial uncertainties regarding the interpretation and application of current or future Chinese laws and regulations. Accordingly, we cannot assure you that Chinese government authorities will not ultimately take a view contrary to the opinion of our Chinese legal counsel.

If we and our affiliated Chinese entities are found to be in violation of any existing or future Chinese laws or regulations, the relevant governmental authorities would have broad discretion in dealing with such violation, including, without limitation, levying fines, confiscating our income, or the income of our affiliated Chinese entities, revoking our business licenses, or the business licenses of our affiliated Chinese entities, requiring us and our affiliated Chinese entities to restructure our ownership structure or operations, and requiring us or our affiliated Chinese entities to discontinue any portion or all of our Internet content provision, air-ticketing, travel agency or advertising businesses.

Any of these actions could cause significant disruption to our business operations, and may materially and adversely affect our business, financial condition and results of operations.

If our affiliated Chinese entities violate our contractual arrangements with them, our business could be disrupted, our reputation may be harmed and we may have to resort to litigation to enforce our rights which may be time-consuming and expensive.

As the Chinese government restricts foreign ownership of Internet content provision, air-ticketing, travel agency and advertising businesses in China, we depend on our affiliated Chinese entities, in which we have no ownership interest, to conduct part of our non-hotel reservation business activities through a series of contractual arrangements, which are intended to provide us with the effective control over these entities. Although we have been advised by our Chinese counsel that these contractual arrangements are valid, binding and enforceable

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under current Chinese laws, these arrangements may not be as effective in providing control as direct ownership of these businesses. For example, our affiliated Chinese entities could violate our contractual arrangements with them by, among other things, failing to operate our air-ticketing, packaged-tour or advertising business in an acceptable manner. In any such event, we would have to rely on the Chinese legal system to enforce those agreements. Any legal proceeding could result in the disruption of our business, damage to our reputation, diversion of our resources and the incurrence of substantial costs. See “— Risks Related to Doing Business in China — Uncertainties with respect to the Chinese legal system could adversely affect us.”

The principal shareholders of our affiliated Chinese entities have potential conflicts of interest with us, which may adversely affect our business.

Our director, Qi Ji, and our officers, Min Fan and Alex Nanyan Zheng, are also the principal shareholders of our affiliated Chinese entities. Thus, conflicts of interest between their duties to our company and our affiliated entities may arise. We cannot assure you that when conflicts of interest arise, these persons will act completely in our interests or that conflicts of interests will be resolved in our favor. The conflicts may result in our loss of corporate opportunities. In addition, these persons could violate their non-competition or employment agreements with us or their legal duties by diverting business opportunities from us to others. In any such event, we would have to rely on the Chinese legal system to enforce these agreements. Any legal proceeding could result in the disruption of our business, diversion of our resources and the incurrence of substantial costs. See “— Risks Related to Doing Business in China — Uncertainties with respect to the Chinese legal system could adversely affect us.”

Our subsidiaries and affiliated entities in China are subject to restrictions on paying dividends or making other payments to us.

We are a holding company incorporated in the Cayman Islands. We rely on dividends from our subsidiaries in China and consulting and other fees paid to us by our affiliated Chinese entities. Current Chinese regulations permit our subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, our subsidiaries in China are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds. These reserves are not distributable as cash dividends. Further, if our subsidiaries and affiliated entities in China incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us.

The air-ticketing, travel agency, advertising and Internet industries are regulated by the Chinese government. If we fail to obtain or maintain all pertinent permits and approvals or if the Chinese government imposes more restrictions on these industries, our business may be adversely affected.

The air-ticketing, travel agency, advertising and Internet industries are regulated by the Chinese government. We are required to obtain applicable permits or approvals from different regulatory authorities in order to conduct our business, including separate licenses for Internet content provision, air-ticketing, advertising and travel agency activities. If we fail to obtain or maintain any of the required permits or approvals, we may be subject to various penalties, such as fines or suspension of operations in these regulated businesses, which could severely disrupt our business operations. As a result, our financial condition and results of operations may be adversely affected.

The Civil Aviation Administration of China, or CAAC, regulates pricing of airline tickets as well as commissions payable to air-ticketing agencies. Recently, the Eastern China branch of CAAC promulgated a new policy that limits the maximum commission payable to an air-ticketing agency for an airline ticket issued in Eastern China to 3% of the ticket price. If this policy continues to be effective or similar or more restrictive policies are adopted by this regional branch or any other regional branch of CAAC, our air-ticketing revenues may be adversely affected.

We may not be able to prevent others from using our intellectual property, which may harm our business and expose us to litigation.

We regard our domain names, trade names, trademarks and similar intellectual property as critical to our success. We try to protect our intellectual property rights by relying on trade mark protection and confidentiality laws and contracts. The trademark and confidentiality protection in China may not be as effective in the United States. Policing unauthorized use of proprietary technology is difficult and expensive.

The steps we have taken may be inadequate to prevent the misappropriation of our proprietary technology. Any misappropriation could have a negative effect on our business and operating results. Furthermore, we may need to go to court to enforce our intellectual property rights. Litigation relating to our intellectual property might result in substantial costs and diversion of resources and management attention. See “— Risks Related to Doing Business in China — Uncertainties with respect to the Chinese legal system could adversely affect us.”

Our business could suffer if we do not successfully manage current growth and potential future growth.

Our business has grown very quickly in its few years of operation. We have rapidly expanded our operations and anticipate further expansion of our operations and workforce. Our growth to date has placed, and our anticipated future operations will continue to place, a significant strain on our management, systems and resources. In addition to training and managing our workforce, we will need to continue to improve and develop our financial and managerial controls and our reporting systems and procedures. We cannot assure you that we will be able to efficiently or effectively manage the growth of our operations, and any failure to do so may limit our future growth and hamper our business strategy.

Future acquisitions may have an adverse effect on our ability to manage our business.

Selective acquisitions form part of our strategy to further expand our business. If we are presented with appropriate opportunities, we may acquire additional complementary companies, products or technologies. Future acquisitions and the subsequent integration of new companies into ours would require significant attention from our management. The diversion of our management’s attention and any difficulties encountered in any integration process could have an adverse effect on our ability to manage our business. Future acquisitions would expose us to potential risks, including risks associated with the assimilation of new operations, technologies and personnel, unforeseen or hidden liabilities, the diversion of resources from our existing businesses and technologies, the inability to generate sufficient revenue to offset the costs and expenses of acquisitions, and potential loss of, or harm to, relationships with employees, customers and suppliers as a result of integration of new businesses.

We may need additional capital and we may not be able to obtain it.

We believe that our current cash and cash equivalents, cash flow from operations and the proceeds from our initial public offering last year will be sufficient to meet our anticipated cash needs for the foreseeable future. We may, however, require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If these resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

We rely on services from third parties to carry out our business and to deliver our products to customers, and if there is any interruption or deterioration in the quality of these services, our customers may not continue using our services.

We rely on third-party computer systems to host our websites, as well as third-party licenses for some of the software underlying our technology platform. In addition, we rely on third-party air-ticketing agencies to issue

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airline tickets, confirmations and deliveries in some cities in China. Any interruption in our ability to obtain the products or services of these or other third parties or deterioration in their performance could impair the timing and quality of our own service. If our service providers fail to deliver airline tickets in a timely manner to our customers, our services will not meet the expectations of our customers and our reputation and brand will be damaged. Furthermore, if our arrangements with any of these third parties are terminated, we may not find an alternate source of support on a timely basis or on terms as advantageous to us.

If our hotel suppliers or customers provide us with untrue information regarding our customers' stay, our commission income and revenues may decrease.

Currently, a substantial portion of our revenues is represented by commissions received from hotels, for room nights booked through us. Generally, we do not receive payment from our customers on behalf of our hotel suppliers, as our customers pay hotels directly. To confirm whether a customer adheres to the booked itinerary, we make routine inquiries with the hotel and, occasionally, the customer. We rely on the hotel and the customer to give us truthful information regarding the customer's check-in and check-out dates, which information forms the basis for calculating the commission we are entitled to receive from the hotel. If our hotel suppliers or customers provide us with untrue information with respect to our customers' length of stay at the hotels, our hotel revenue may decrease.

As we begin to expand into the merchant business, we may suffer losses if we are unable to predict the amount of inventory we will need to purchase.

We plan to gradually establish merchant business relationships with selected travel service suppliers beginning in the near future. In the merchant business relationship, we would buy hotel rooms and/or airline tickets in advance before selling them to our customers and thereby incur inventory risk. If we do not correctly predict demand for hotel rooms and airline tickets that we are committed to purchase, we would be responsible for covering the cost of the hotel rooms and airline tickets we are unable to sell.

If tax benefits available to our subsidiaries in China are reduced or repealed, our business could suffer.

Pursuant to the applicable tax laws in China, companies established in China are generally subject to the state enterprise income tax, or EIT, at a statutory rate of 33%. Our subsidiaries in China are currently entitled to a 15% EIT rate because Ctrip Computer has been classified as a "new high-technology enterprise" and Ctrip Travel Information is incorporated in the Pudong New District of Shanghai. There is no assurance that our subsidiaries in China will continue to receive such or any other preferential tax treatment. If our subsidiaries are required to pay the statutory rate of 33% or other similar rate as a result of the Chinese government's change of applicable policies, our results of operations would be adversely affected.

We may be subject to litigation for information provided on our websites, which may be time-consuming to defend.

Our websites contain information about hotels, flights, popular vacation destinations and other travel-related topics. It is possible that if any information, accessible on our websites, contains errors or false or misleading information, third parties could take action against us for losses incurred in connection with the use of such information. Any claims, with or without merit, could be time-consuming to defend, result in litigation and divert management's attention and resources.

We could be liable for breaches of security on our websites and fraudulent transactions by users of our websites.

A portion of our transactions are conducted through our websites. In such transactions, secured transmission of confidential information (such as customers' itineraries, hotel and other reservation information, credit card numbers and expiration dates, personal information and billing addresses) over public networks is essential to maintain consumer and supplier confidence. Our current security measures may not be adequate. Security

breaches could expose us to litigation and possible liability for failing to secure confidential customer or supplier information and could harm our reputation and ability to attract customers.

If we are unable to attract, train and retain key individuals and highly skilled employees, our business may be adversely affected.

If our business continues to expand, we will need to hire additional employees, including travel supplier management personnel to maintain and expand our travel supplier network, information technology and engineering personnel to maintain and expand our websites, customer service center and systems, and customer support personnel to serve an increasing number of customers. If we are unable to identify, attract, hire, train and retain sufficient employees in these areas, users of our websites and customer service center may have negative experiences and turn to our competitors, which could adversely affect our business and results of operations.

We have limited business insurance coverage in China.

The insurance industry in China is still at an early stage of development. Insurance companies in China offer limited business insurance products. As a result, we do not have any business liability or disruption insurance coverage for our operations in China. Any business disruption, litigation or natural disaster might result in substantial costs and diversion of resources.

Risks Related to Doing Business in China

Adverse changes in political and economic policies of the Chinese government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for our services and adversely affect our competitive position.

Substantially all of our operations are conducted in China and substantially all of our revenues are sourced from China. Accordingly, our results of operations, financial condition and prospects are subject to a significant degree to the economic, political and legal developments of China. Since the late 1970s, the Chinese government has been reforming the economic system in China. These reforms have resulted in significant economic growth. However, any economic reform policies or measures in China may from time to time be modified or revised. Any adverse changes in economic conditions in China, in policies of the Chinese government or in laws and regulations in China, could have a material adverse effect on the overall economic growth of China and investment in the travel industry. Such developments could adversely affect our businesses, lead to reduction in demand for our services and adversely affect our competitive position.

Slow-down of the Chinese economy may slow down our growth and profitability.

Our financial results have been, and are expected to continue to be, affected by the growth in the Chinese economy and travel industry. Although the Chinese economy has grown significantly in the past decade, there can be no assurance that growth of the Chinese economy will continue or that any slow-down will not have a negative effect on our business. The overall Chinese economy affects our profitability, since expenditures for travel may decrease in a slowing economy.

Future movements in exchange rates between the U.S. dollar and RMB may adversely affect the value of our ADSs.

We are exposed to foreign exchange risk arising from various currency exposures. Some of our expenses are denominated in foreign currencies while almost all of our revenues are denominated in RMB, the legal currency in China. We have not used any forward contracts or currency borrowings to hedge our exposure to foreign currency risk. The value of RMB is subject to changes in the Chinese government's policies. Although our exposure to foreign exchange risks is limited, the value of your investment in our ADSs will be affected by the foreign exchange rate between the U.S. dollar and RMB, because the value of our business is effectively denominated in RMB, while our ADSs will be traded in U.S. dollars.

Restrictions on currency exchange may limit our ability to receive and use our revenues effectively.

Because substantially all of our revenues are in the form of RMB, any restrictions on currency exchange may limit our ability to use revenue generated in RMB to fund our business activities outside China or to make dividend payments in U.S. dollars. The principal regulation governing foreign currency exchange in China is the Foreign Currency Administration Rules (1996), as amended. Under the Rules, RMB is freely convertible for trade and service-related foreign exchange transactions, but not for direct investment, loan or investment in securities outside China unless the prior approval of the State Administration of Foreign Exchange of the People's Republic of China is obtained. Although the Chinese government regulations now allow greater convertibility of RMB for current account transactions, significant restrictions still remain. For example, foreign exchange transactions under our subsidiaries' capital account, including principal payments in respect of foreign currency-denominated obligations, remain subject to significant foreign exchange controls and the approval of the State Administration of Foreign Exchange. These limitations could affect our ability to obtain foreign exchange for capital expenditures. We cannot be certain that the Chinese regulatory authorities will not impose more stringent restrictions on the convertibility of RMB, especially with respect to foreign exchange transactions.

Online payment systems in China are at an early stage of development and may restrict our ability to expand our online commerce service business.

Online payment systems in China are at an early stage of development. Although major Chinese banks are instituting online payment systems, these systems are not as widely available or acceptable to consumers in China as in the United States and other developed countries. In addition, only a limited number of consumers in China have credit cards or debit cards, relative to countries like the United States. The lack of adequate online payment systems may limit the number of online commerce transactions that we can service. If online payment services do not develop, our ability to grow our online commerce business may be limited.

The Internet market has not been proven as an effective commercial medium in China.

The market for Internet products and services in China has only recently begun to develop. The Internet penetration rate in China is lower than those in the United States and other developed countries. Since the Internet is an unproven medium for commerce in China, our future operating results from online services will depend substantially upon the increased use and acceptance of the Internet for distribution of products and services and facilitation of commerce in China.

The Internet may not become a viable commercial marketplace in China for various reasons in the foreseeable future. More salient impediments to Internet development in China include:

- consumer dependence on traditional means of commerce;
- inexperience with the Internet as a sales and distribution channel;
- inadequate development of the necessary infrastructure to facilitate online commerce;
- concerns about security, reliability, cost, ease of deployment, administration and quality of service associated with conducting business over the Internet;
- inexperience with credit card usage or with other means of electronic payment; and
- limited use of personal computers.

If the Internet is not widely accepted as a medium for online commerce in China, our ability to grow our online business would be impeded.

Uncertainties with respect to the Chinese legal system could adversely affect us.

We conduct our business primarily through our wholly owned subsidiaries incorporated in China. Our subsidiaries are generally subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to wholly foreign-owned enterprises. In addition, we depend on several affiliated

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entities in China to honor their service agreements with us. Almost all of these agreements are governed by Chinese law and disputes arising out of these agreements are expected to be decided by arbitration in China. The Chinese legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, Chinese legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, since these laws and regulations are relatively new and the Chinese legal system is still evolving, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit remedies available to us. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

We have attempted to comply with the Chinese government regulations regarding licensing requirements by entering into a series of agreements with our affiliated Chinese entities. If the Chinese laws and regulations change, our business in China may be adversely affected.

To comply with the Chinese government regulations regarding licensing requirements, we have entered into a series of agreements with our affiliated Chinese entities to exert our operational control over them and secure consulting fees and other payments from them. Although we have been advised by our Chinese counsel that our arrangements with our affiliated Chinese entities are valid under current Chinese law and regulations, we cannot assure you that we will not be required to restructure our organization structure and operations in China to comply with changing and new Chinese laws and regulations. Restructuring of our operations may result in disruption of our business, diversion of management attention and the incurrence of substantial costs.

We may have to register our encryption software with Chinese regulatory authorities, and if they request that we change our encryption software, our business operations will be disrupted as we develop or license replacement software.

Pursuant to the Regulations for the Administration of Commercial Encryption promulgated in 1999, foreign and domestic Chinese companies operating in China are required to register and disclose to Chinese regulatory authorities the commercial encryption products they use. Because these regulations do not specify what constitutes encryption products, we are unsure whether or how they apply to us and the encryption software we utilize. We may be required to register or apply for permits with the relevant Chinese regulatory authorities for our current or future encryption software. If Chinese regulatory authorities request that we change our encryption software, we may have to develop or license replacement software, which could disrupt our business operations. In addition, we may be subject to potential liability for using software that is subsequently deemed to be illegal by the relevant Chinese regulatory authorities. These potential liabilities might include fines, product confiscation and criminal sanctions. We cannot assure you that our business, financial condition and results of operations will not be materially and adversely affected by the application of these regulations.

The continued growth of the Chinese Internet market depends on the establishment of an adequate telecommunications infrastructure.

Although private sector Internet service providers currently exist in China, almost all access to the Internet is maintained through ChinaNet owned by China Telecom under the administrative control and regulatory supervision of China's Ministry of Information Industry. In addition, the national networks in China connect to the Internet through a government-controlled international gateway. This international gateway is the only channel through which a domestic Chinese user can connect to the international Internet network. We rely on this infrastructure and China Telecom to provide data communications capacity primarily through local telecommunications lines. Although the government has announced plans to develop aggressively the national information infrastructure, we cannot assure you that this infrastructure will be developed. In addition, we will have no access to alternative networks and services, on a timely basis if at all, in the event of any infrastructure disruption or failure. The Internet infrastructure in China may not support the demands associated with continued growth in Internet usage.

Risks Related to the Shares and ADSs

The future sales by our existing shareholders of a substantial number of our ADSs in the public market could adversely affect the price of our ADSs.

If our shareholders sell substantial amounts of our ordinary shares or ADSs, including those issued upon the exercise of outstanding options, in the public market following this offering, the market price of our ADSs could fall. Such sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate. The ordinary shares or ADSs held by our existing shareholders may be sold in the public market in the future subject to the restrictions contained in Rule 144 under the Securities Act and applicable lock-up agreements. If any existing shareholder or shareholders sell a substantial amount of ordinary shares after the expiration of the lock-up period, the prevailing market price for our ADSs could be adversely affected. See “Underwriting” and “Shares Eligible for Future Sale” for additional information regarding resale restrictions.

The market price for our ADSs may be volatile.

The market price for our ADSs is likely to be highly volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly operating results;
- announcements of new services by us or our competitors;
- changes in financial estimates by securities analysts;
- conditions in the Internet, online commerce or travel industries;
- changes in the economic performance or market valuations of other Internet, online commerce or travel companies;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding ADSs or sales of additional ordinary shares or ADSs; and
- potential litigation.

In addition, the securities market have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our ADSs.

You may not be able to exercise your right to vote.

As a holder of ADSs, you may instruct the depositary of our ADSs to vote the shares underlying your ADSs but only if we ask the depositary to ask for your instructions. Otherwise, you will not be able to exercise your right to vote unless you withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares. If we ask for your instructions, the depositary will notify you of the upcoming vote and arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and there may be nothing you can do if the shares underlying your ADSs are not voted as you requested.

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Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act of 1933 or an exemption from the registration requirements is available. Also, under the deposit agreement, the depository bank will not make rights available to you those rights unless the distribution to ADS holders of both the rights and any related securities are either registered under the U.S. Securities Act of 1933, as amended, or the Securities Act, or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

You may not receive distributions on ordinary shares or any value for them if it is illegal or impractical to make them available to you.

The depository of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depository is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. We have no obligation to register ADSs, ordinary shares, rights or other securities under U.S. securities laws. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive the distribution we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may have a material adverse effect on the value of your ADSs.

You may lose some or all of the value of the distribution by the depository if the depository cannot convert RMB into U.S. dollars on a reasonable basis.

The depository of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent.

The depository will convert any cash dividend or other cash distribution we pay on the ordinary shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any approval from any government is needed and cannot be obtained, the depository is allowed to distribute RMB only to those ADS holders to whom it is possible to do so. It will hold RMB it cannot convert for the account of the ADS holders who have not been paid. However, it will not invest RMB and it will not be liable for interest. In addition, if the exchange rates fluctuate during a time when the depository cannot convert RMB, the ADS holders who have not been paid may lose some or all of the value of the distribution.

You may be subject to limitations on transfer of your ADSs.

Your ADSs represented by the ADRs are transferable on the books of the depository. However, the depository may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository thinks it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

The sale, deposit, cancellation and transfer of the ADSs issued after exercise of rights may be restricted.

If we offer holders of our ordinary shares any rights to subscribe for additional shares or any other rights, the depository may make these rights available to you. However, the depository may allow rights that are not

distributed or sold to lapse. In that case, you will receive no value for them. In addition, U.S. securities laws may restrict the sale, deposit, cancellation and transfer of the ADSs issued after exercise of rights. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act of 1933 or an exemption from the registration requirements is available. Also, under the deposit agreement, the depository will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. We can give no assurance that we can establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, you may be unable to participate in our rights offerings and may experience dilution of your holdings as a result.

If our subsidiaries are restricted from paying dividends and other distributions to us, our primary internal source of funds would decrease.

We are a holding company with no significant assets other than our equity interests in our wholly owned subsidiaries in China and Hong Kong. As a result, we rely on dividends, consulting and other fees paid to us by our subsidiaries and affiliated entities in China, including the funds necessary to service any debt we may incur. If our subsidiaries incur debts on their own behalf in the future, the instruments governing the debts may restrict their ability to pay dividends or make other distributions to us, which in turn would limit our ability to pay dividends on our ordinary shares. Chinese regulations permit payment of dividends only out of accumulated profits as determined in accordance with Chinese accounting standards and regulations. Our subsidiaries and affiliated entities in China are also required to set aside a portion of their after-tax profits according to Chinese accounting standards and regulations to fund certain reserve funds that are not distributable as cash dividends.

You may face difficulties in protecting your interests, and our ability to protect our rights through the U.S. federal courts may be limited, because we are incorporated under Cayman Islands law.

Our corporate affairs are governed by our memorandum and articles of association and by the Companies Law (2003 Revision) and common law of the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the Cayman Islands has a less developed body of securities laws as compared to the United States, and provides significantly less protection to investors. Therefore, our public shareholders may have more difficulties in protecting their interests in the face of actions by our management, directors or controlling shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action before the federal courts of the United States. As a result, our ability to protect our interests if we are harmed in a manner that would otherwise enable us to sue in a United States federal court may be limited.

Your ability to bring an action against us or against our directors and officers, or to enforce a judgment against us or them, will be limited because we are incorporated in the Cayman Islands, because we conduct a substantial portion of our operations in China and because the majority of our directors and officers reside outside of the United States.

We are incorporated in the Cayman Islands, and we conduct a substantial portion of our operations in China through our wholly-owned subsidiaries and several affiliated entities in China. Most of our directors and officers reside outside of the United States and substantially all of the assets of those persons are located outside of the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the Cayman Islands or in China in the event that you believe that your rights have been infringed under the securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. For more information regarding the relevant laws of the Cayman Islands and China, see “Enforceability of Civil Liabilities.”

RECENT DEVELOPMENTS

The following table presents our unaudited quarterly results of operations for the six quarters in the period ended March 31, 2004. You should read the following table in conjunction with the consolidated financial statements and related notes contained in the annual report, which are incorporated by reference. We have prepared the unaudited information on the same basis as our audited consolidated financial statements. This information includes all adjustments, consisting only of normal recurring adjustments, that we consider necessary for fair presentation of our financial position and operating results for the quarters presented. Operating results for any quarter are not necessarily indicative of results for any future quarters or for a full year.

	For the Three Months Ended (unaudited)					
	December 31, 2002	March 31, 2003	June 30, 2003	September 30, 2003	December 31, 2003	March 31, 2004
	(in RMB thousands, except percentages and non-financial data)					
Revenues:						
Hotel reservation	29,541	30,250	16,571	48,707	57,861	54,606
Air-ticketing	2,257	2,413	2,393	6,842	8,675	10,328
Packaged-tour ⁽¹⁾	42	140	—	1,595	3,054	1,925
Others	1,034	814	639	962	1,763	1,126
Total revenues	32,874	33,617	19,603	58,106	71,353	67,985
Less: Business tax and related surcharges	(1,635)	(1,667)	(973)	(2,969)	(3,923)	(3,636)
Net revenues	31,239	31,950	18,630	55,137	67,430	64,349
Cost of services	(4,572)	(4,210)	(3,754)	(6,483)	(11,207)	(9,719)
Gross profit	26,667	27,740	14,876	48,654	56,223	54,630
Gross margin	85%	87%	80%	88%	83%	85%
Operating expenses:						
Product development	(4,194)	(4,436)	(3,807)	(5,011)	(7,429)	(7,088)
Sales and marketing	(8,788)	(8,794)	(7,725)	(11,882)	(19,170)	(14,576)
General and administrative	(4,529)	(4,225)	(3,712)	(4,496)	(6,758)	(6,726)
Share-based compensation	(127)	(219)	(399)	(414)	(553)	(554)
Amortization of goodwill and other intangible assets	(88)	(88)	(88)	(88)	(123)	(123)
Total operating expenses	(17,726)	(17,762)	(15,731)	(21,891)	(34,033)	(29,067)
Income (Loss) from operations	8,941	9,978	(855)	26,763	22,190	25,563
Interest income	102	49	99	95	158	729
Other income(expense)	752	51	3,491	(68)	1,618	(199)
Income (loss) before income tax benefit (expense), minority interests and share of income (loss) of joint venture companies	9,795	10,078	2,735	26,790	23,966	26,093
Income tax benefit (expense)	(3,887)	(3,432)	(523)	(7,011)	717	(4,345)
Minority interests	39	—	—	(18)	(62)	(21)
Share of income (loss) of joint venture companies	(210)	109	(331)	796	—	—
Net income (loss)	5,737	6,755	1,881	20,557	24,621	21,727
Operating margin	29%	31%	—	49%	33%	40%
Number of room nights sold (in ten thousands)	47	49	28 ₍₂₎	75	88	85
Number of airline tickets sold (in ten thousands)	8	11	7 ₍₂₎	18	24	31

(1) Certain of our packaged-tour revenues in 2003 were booked on a gross basis.

(2) Decrease primarily due to the SARS outbreak from March 2003 through June 2003.

Unaudited Quarterly Results of Operation

Three Months Ended March 31, 2004 Compared to Three Months Ended March 31, 2003

Revenues. We had revenues of RMB68.0 million (US\$8.2) in the first quarter of 2004, an increase of 102% over RMB33.6 million in the first quarter of 2003. This revenue growth was principally driven by the robust volume growth of hotel room nights we booked and the air tickets we sold.

Hotel Reservation. Revenues from our hotel reservation business increased by 81% to RMB54.6 million (US\$6.6 million) in the first quarter of 2004 from RMB30.2 million in the first quarter of 2003, primarily as a result of the continued rapid growth in our hotel sales volume. The total number of hotel room nights sold was approximately 850,000 in the first quarter of 2004 compared to approximately 490,000 in the first quarter of 2003.

Air-Ticketing. Revenues from our air-ticketing business increased substantially by 328% to RMB10.3 million (US\$1.2 million) in the first quarter of 2004 from RMB2.4 million in the first quarter of 2003, primarily due to strong growth of air tickets sales volume in the first quarter of 2004. The total number of air tickets sold in the first quarter of 2004 was approximately 310,000 compared to approximately 110,000 in the first quarter of 2003.

Packaged Tour. Packaged-tour revenues increased substantially to RMB1.9 million (US\$232,605) in the first quarter of 2004 from RMB140,000 in the first quarter of 2003 as we continued to make inroads into the packaged-tour business.

Net Revenues. Our net revenues increased to RMB64.3 million (US\$7.8 million) in the first quarter of 2004 from RMB32.0 million in the first quarter of 2003 as a result of our increased revenues, partially offset by the resulting increase in business tax and related surcharges.

Cost of Services. Cost of services in the first quarter of 2004 increased by 131% to RMB9.7 million (US\$1.2 million) from RMB4.2 million in the first quarter of 2003. This increase was primarily attributable to the hiring of additional customer service representatives and the increased telecommunication expenses resulting from the overall expansion of our hotel reservation and air-ticketing businesses and the increase in the costs of providing packaged tour business.

Operating Expenses. Operating expenses in the first quarter of 2004 increased by 64% to RMB29.1 million (US\$3.5 million) from RMB17.8 million in the first quarter of 2003, primarily due to a significant increase in sales and marketing expenses, product development expenses and general and administrative expenses. Operating expenses as a percentage of net revenues decreased to 45% in the first quarter of 2004 from 56% in the first quarter of 2003.

Product Development. Product development expenses increased by 60% to RMB7.1 million (US\$0.9 million) in the first quarter of 2004 from RMB4.4 million in the first quarter of 2003, primarily due to increased salary and benefit expenses for product development staff.

Sales and Marketing. Sales and marketing expenses increased by 66% to RMB14.6 million (US\$1.8 million) in the first quarter of 2004 from RMB8.8 million in the first quarter of 2003, primarily because of increased salary and benefit expenses for sales and marketing staff, increased expenses in connection with our customer reward program, production of marketing material and advertisement.

General and Administrative. General and administrative expenses increased by 59% to RMB6.7 million (US\$0.8 million) in the first quarter of 2004 from RMB4.2 million in the first quarter of 2003, primarily due to increased professional fees and increased salary and benefits for general and administrative staff.

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Share-based compensation. Share-based compensation increased by 153% to RMB553,526 (US\$66,875) in the first quarter of 2004 from RMB218,633 in the first quarter of 2003, due to the issuance of additional stock options in the second and fourth quarters of 2003.

Amortization of Goodwill and Other Intangible Assets. Amortization expenses increased by 40% to RMB123,225 (US\$14,888) in the first quarter of 2004 from RMB88,310 in the first quarter of 2003, primarily due to amortization expenses of intangible assets in connection with our acquisition of Shanghai Ctrip Charming International Travel Service Co., Ltd. in the fourth quarter of 2003.

Interest Income. Interest income increased substantially to RMB729,161 (US\$88,095) in the first quarter of 2004 from RMB48,992 in the first quarter of 2003 because of the increase in our cash position mainly from our initial public offering proceeds.

Income Tax Expenses. Income tax expense for the first quarter of 2004 increased by 27% to RMB4.3 million (US\$0.5 million) from RMB3.4 million for the first quarter of 2003, primarily because of the increase of our taxable income.

Net Income. As a result of the foregoing, net income increased by 222% to RMB21.7 million (US\$2.6 million) in the first quarter of 2004 from RMB6.8 million in the first quarter of 2003.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Many statements made in this prospectus contain forward-looking statements that reflect our current expectations and views of future events. You can identify these forward-looking statements by terminology such as “may,” “will,” “expect,” “anticipate,” “future,” “intend,” “plan,” “believe,” “estimate,” “is/are likely to” or other and similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things:

- our anticipated growth strategies;
- our future business development, results of operations and financial condition;
- our ability to continue to control costs and maintain quality; and
- the expected growth of and change in the travel and online commerce industries in China.

The forward-looking statements included in the prospectus are subject to risks, uncertainties and assumptions about our company. Our actual results of operations may differ materially from the forward-looking statements as a result of risk factors described under “Risk Factors” and elsewhere in this prospectus, including the following risks:

- our limited operating history makes evaluating our business and prospectus difficult;
- we have sustained losses in the past and may experience earnings declines or net losses in the future;
- declines or disruptions in the travel industry generally could reduce our revenue;
- the recurrence of SARS, may materially and adversely affect our business and operating results;
- our business may be harmed if our infrastructure and technology are damaged or otherwise fail or become obsolete;
- if we are unable to maintain existing, and establish new, arrangements with travel suppliers similar to those we currently have, our business may suffer;
- if we fail to increase our brand recognition, we may face difficulty in obtaining new business partners and consumers, and our business may be harmed;
- if we do not compete successfully against new and existing competitors, we may lose our market share, and our profitability may be adversely affected;
- our business may be severely disrupted if we lose the services of our key executives; and
- if the ownership structure of our affiliated Chinese entities and the contractual arrangements among us, our affiliated Chinese entities and their shareholders are found to be in violation of any Chinese laws or regulations, we or our affiliated Chinese entities may be subject to fines and other penalty, which may adversely affect our business and results of operations.

These risks are not exhaustive. Other sections of this prospectus include additional factors that could adversely impact our business and financial performance. Moreover, we operate in an emerging and evolving environment. New risk factors emerge from time to time, and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CAPITALIZATION

The following table sets forth our cash and capitalization as of March 31, 2004.

You should read this table together with our consolidated financial statements and the related notes incorporated by reference in this prospectus and the information under “Recent Development.”

	As of March 31, 2004 (unaudited)	
	RMB	US\$
	(in thousands)	
Cash	472,557	57,093
Shareholders' equity:		
Ordinary shares, US\$0.01 par value, 40,000,000 shares authorized; 30,516,651 shares issued and outstanding ⁽¹⁾	2,527	305
Additional paid-in capital	500,668	60,489
Statutory reserves	5,531	668
Deferred share-based compensation	(4,389)	(530)
Cumulative translation adjustments	106	13
Retained earnings	11,274	1,362
	515,717	62,307
Total shareholders' equity	515,717	62,307
Total capitalization	515,717	62,307

- (1) The number of ordinary shares issued and outstanding as of March 31, 2004 excludes (1) 230,000 of our ordinary shares issued to James Jianzhang Liang, which are subject to our right to repurchase upon termination of Mr. Liang's employment during the three-year period after he exercised the option, (2) 1,020,760 options outstanding under the 2000 Employees' Stock Option Plan, and (3) 743,440 options outstanding under the 2003 Employees' Stock Option Plan.

USE OF PROCEEDS

We will not receive any of the proceeds from this offering.

MARKET PRICE INFORMATION FOR OUR ADSs

Our ADSs, each representing two of our ordinary shares, have been listed on the Nasdaq National Market since December 9, 2003. Our ADSs trade under the symbol “CTRP.”

For the year ended December 31, 2003 (December 9, 2003 through December 31, 2003), the trading price of our ADSs on Nasdaq has ranged from US\$24.00 to US\$43.05 per ADS.

The following table provides the high and low trading prices for our ADSs on the Nasdaq National Market for (1) the first quarter in 2004 and (2) each of the months since our initial public offering.

	Sales Price	
	High	Low
	US\$	US\$
Quarterly High and Low		
First Quarter 2004	41.64	24.75
Monthly Highs and Lows		
December 2003 (from December 9, 2003)	43.05	24.00
January 2004	41.64	28.05
February 2004	33.85	24.75
March 2004	32.42	26.75
April 2004	32.03	27.50
May 2004 (through May 20, 2004)	29.25	22.65

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated in the Cayman Islands because of the following benefits found there:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include:

- (1) the Cayman Islands has a less developed body of securities laws as compared to the United States and these securities laws provide significantly less protection to investors; and
- (2) Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constituent documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

A substantial portion of our current operations is conducted in China, and substantially all of our assets are located in China. We also conduct part of our operations in Hong Kong. We have appointed CT Corporation System, 111 Eighth Avenue, New York, NY 10011, as our agent upon whom process may be served in any action brought against us under the securities laws of the United States. A majority of our directors and officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

Maples and Calder Asia, our counsel as to Cayman Islands law and Commerce & Finance Law Offices, our counsel as to Chinese law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands and China, respectively, would:

- (1) recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- (2) entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Maples and Calder Asia has further advised us that a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of the Cayman Islands under the common law doctrine of obligation.

Commerce & Finance Law Offices has advised us further that the recognition and enforcement of foreign judgments are provided for under Chinese Civil Procedures Law. Chinese courts may recognize and enforce foreign judgments in accordance with the requirements of Chinese Civil Procedures Law based either on treaties between China and the country where the judgment is made or on reciprocity between jurisdictions.

SELLING SHAREHOLDERS

All of the ADSs being offered in this offering are being offered by the selling shareholders listed below. As of March 31, 2004, the selling shareholders held an aggregate of 17,751,596 of our ordinary shares, representing 54.6% of the total ordinary shares outstanding (including options held by the selling shareholders). Following this offering, the selling shareholders will own an aggregate of 13,319,232 of our ordinary shares, representing 41.0% of the total ordinary shares outstanding (including options held by the selling shareholders). The table below sets forth the number of our ordinary shares that are to be offered and sold by the selling shareholders under this prospectus, and the beneficial ownership of our ordinary shares of each of the selling shareholders prior to this offering, after giving effect to the sale of all of the ADSs offered in this offering.

Selling Shareholder	Ordinary Shares Beneficially Owned Before Offering		Shares to be Offered	Ordinary Shares Beneficially Owned After Offering	
	Number ⁽¹⁾	% ⁽²⁾	Number ⁽¹⁾	Number ⁽¹⁾	% ⁽²⁾
Carlyle Offshore Partners II, Limited ⁽³⁾	5,412,233	16.65	1,894,281	3,517,952	10.82
Neil Nanpeng Shen ⁽⁴⁾	2,359,256	7.26	235,000	2,124,256	6.53
James Jianzhang Liang ⁽⁵⁾	2,032,034	6.25	203,000	1,829,034	5.63
Qi Ji ⁽⁶⁾	1,701,082	5.23	150,000	1,551,082	4.77
IDG Technology Venture Investments, Inc. ⁽⁷⁾	1,608,574	4.95	563,000	1,045,574	3.22
S.I. Technology Venture Capital Limited ⁽⁸⁾	1,271,226	3.91	381,300	889,926	2.74
China Enterprises Investments No. 11 Limited ⁽⁹⁾	1,061,410	3.26	371,434	689,976	2.12
Softbank Asia Net-Trans (No. 4) Limited ⁽¹⁰⁾	872,659	2.68	405,430	467,229	1.44
Min Fan ⁽¹¹⁾	645,405	1.99	64,000	581,405	1.79
Victor Shengli Wang ⁽¹²⁾	638,411	1.96	124,480	513,931	1.58
Jing Dong Li	103,867	0.32	35,000	68,867	0.21
Xiao Tan	45,439	0.14	5,439	40,000	0.12

- (1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, and includes voting or investment power with respect to the securities.
- (2) The number of ordinary shares outstanding used in calculating the percentage for each listed person includes the ordinary shares of underlying options held by such persons. Percentage of beneficial ownership is based on 32,510,851 ordinary shares outstanding as of March 31, 2004 on a fully diluted basis, including 1,020,760 options outstanding under the 2000 Employees' Stock Option Plan and 743,440 options outstanding under the 2003 Employees' Stock Option Plan.
- (3) Includes 5,102,458 ordinary shares held by Carlyle Asia Venture Partners I, L.P., or Asia Ventures, and 309,775 ordinary shares held by CIPA Co-Investment, L.P., or CIPA. Asia Ventures and CIPA are investment partnerships. The general partner of each of Asia Ventures and CIPA is CIPA General Partner, L.P. The general partner of CIPA General Partner, L.P., is CIPA Ltd., a Cayman Islands limited company which is wholly-owned by TC Group Cayman, L.P. The general partner of TC Group Cayman, L.P. is TCG Holdings Cayman, L.P. The general partner of TCG Holdings Cayman, L.P. is Carlyle Offshore Partners II, Limited, a Cayman Islands limited company. Carlyle Offshore Partners II, Limited, has ultimate voting and dispositive control over the shares held by Asia Ventures and CIPA through its control of TCG Holdings Cayman, L.P. Carlyle Offshore Partners II, Limited is managed by a board of six directors. The directors are William E. Conway, Jr., Daniel A. D'Aniello, David M. Rubenstein, Allan M. Holt, Jerome H. Powell and Bruce E. Rosenblum, each of whom disclaims beneficial ownership of the shares held by Asia Ventures and CIPA. The address for Carlyle Asia Venture Partners I, L.P. and CIPA is Suite 2801, 28th Floor, 2 Pacific Place, 88 Queensway, Hong Kong.

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- (4) Includes 2,095,256 ordinary shares held by Mr. Shen and 264,000 ordinary shares issuable upon exercise of options held by Mr. Shen. The address for Mr. Shen is Unit 2001, The Centrium, 60 Wyndham St., Central, Hong Kong.
- (5) Includes 2,032,034 ordinary shares held by Mr. Liang, 230,000 of which are subject to our right to repurchase over the three year period after Mr. Liang's acquisition of such shares. The address for Mr. Liang is 3rd Floor, Block 63, No. 421 Hong Cao Road, Shanghai, PRC.
- (6) Includes 1,571,482 ordinary shares held by Mr. Ji and 129,600 ordinary shares issuable upon exercise of options held by Mr. Ji. The address for Mr. Ji is 3rd Floor, Block 63, No. 421 Hong Cao Road, Shanghai, PRC.
- (7) Includes 1,149,862 ordinary shares held by IDG Technology Venture Investments, Inc., and 458,712 ordinary shares held by IDG Technology Venture Investments, L.P. IDG Technology Venture Investment, Inc. is wholly owned by International Data Group, Inc., a Massachusetts corporation, which is in turn is majority owned and controlled by Patrick J. McGovern, the chairman and founder of International Data Group, Inc. The address for IDG Technology Venture Investment, Inc. is 15th Floor, One Exeter Plaza, Boston, MA 02116.
- (8) S.I. Technology Venture Capital Limited is 100% owned by Shanghai Industrial Holdings Limited, a Hong Kong company, which in turn is 58% owned by Shanghai Industrial Investment (Holdings) Co., Ltd., or SIIC, a private limited company incorporated in Hong Kong. SIIC is controlled by the Shanghai municipal government. The address for S.I. Technology Venture Capital Limited is P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands.
- (9) China Enterprise Investments No. 11 Limited is 100% owned by China Enterprise Fund, a Cayman Islands company also known as Global Fund Trust Company. Go-To-Asia Investment Limited, a company incorporated in Hong Kong, is the investment manager of Global Fund Trust Company. Go-To-Asia Investment Limited is directly controlled by its directors, Junichi Goto and Masaaki Miyagawa. The address for China Enterprise Investments No. 11 Limited is Unit 1902B, 60 Wyndham Street, Central, Hong Kong.
- (10) The address for Softbank Asia Net-Trans (No. 4) Limited is 5th Floor, SBI Center, 56 Des Voeux Road, Central, Hong Kong.
- (11) Includes 525,405 ordinary shares held by Mr. Fan and 120,000 ordinary shares issuable upon exercise of options held by Mr. Fan. The address for Mr. Fan is 3rd Floor, Block 63, No. 421 Hong Cao Road, Shanghai, PRC.
- (12) Includes 622,411 ordinary shares held by Mr. Wang and 16,000 ordinary shares issuable upon exercise of options held by Mr. Wang. The address for Mr. Wang is 6F-G, Block A, Dong Huan Plaza Office Building, No. 9, Dong Zhong Road, Beijing, PRC.

Our shareholders are entitled to vote together as a single class on all matters submitted to shareholders vote. No shareholder has different voting rights from other shareholders.

Two of our selling shareholders, namely, Carlyle Asia Venture Partners I, L.P. and CIPA Co-Investment, L.P., have represented to us that they are affiliated with a registered broker-dealer. Based on such shareholders' representations, we believe that at the time of the purchase of the shares to be offered by them in this offering, each such shareholder had no agreements or understandings, directly or indirectly, with any person to distribute them. Neither Carlyle Asia Venture nor CIPA Co-investment is in the business of underwriting securities.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

Each American Depositary Receipt is a certificate evidencing a specific number of American Depositary Shares, also referred to as ADSs. Each ADS represents two ordinary shares (or a right to receive two ordinary shares) deposited with the Hong Kong office of The Hongkong and Shanghai Banking Corporation Limited, as custodian. Each ADR also represents securities, cash or other property deposited with The Bank of New York but not distributed to ADR holders. The depositary's corporate trust office at which the ADRs are administered is located at 101 Barclay Street, New York, New York 10286.

You may hold ADSs either directly (by having an ADR registered in your name) or indirectly through your broker or other financial institution. If you hold ADSs directly, you are an ADR holder. This description assumes you hold your ADSs directly. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADR holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

As an ADR holder, we will not treat you as one of our shareholders and you will not have shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a holder of ADRs, you will have ADR holder rights. A deposit agreement among us, the depositary and you, as an ADR holder, and the beneficial owners of ADRs set out ADR holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADRs.

We are providing you with a summary of the deposit agreement. You should read this summary together with the deposit agreement and the ADR. A copy of the deposit agreement is on file with the SEC under cover of a Registration Statement on Form F-6. You may obtain a copy of the deposit agreement from the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please refer to Registration Number 333-110459 when retrieving your copy. You can also inspect a copy of the deposit agreement at the corporate trust office of the depositary, currently located at 101 Barclay Street, New York, New York 10286, and at the principal offices of the custodian under the deposit agreement, currently located at 1 Queen's Road, Central, Hong Kong. We urge you to review the deposit agreement in its entirety as well as the form of ADR attached to the deposit agreement.

Dividends and Other Distributions

The Bank of New York has agreed to pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

- **Cash.** The Bank of New York will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any approval from any government is needed and cannot be obtained without excessively burdensome or otherwise unreasonable efforts, or there are foreign exchange controls in place that prohibit such transfer, the deposit agreement allows The Bank of New York to distribute RMB only to those ADR holders to whom it is possible to do so. It will hold RMB it cannot convert for the account of the ADR holders who have not been paid. It will not invest RMB and it will not be liable for interest.

Before making a distribution, any withholding taxes that must be paid will be deducted. See "Taxation — United States Federal Income Taxation — U.S. Holders — Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares". The Bank of New York will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when The Bank of New York cannot convert RMB, you may lose some or all of the value of the distribution.*

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- **Shares.** The Bank of New York may distribute additional ADRs representing any shares we may distribute as a dividend or free distribution, if we furnish it promptly with satisfactory evidence that it is legal to do so. The Bank of New York will only distribute whole ADSs. It will sell shares which would require it to issue a fractional ADS and distribute the net proceeds in the same way as it does with cash. If The Bank of New York does not distribute additional ADRs, each ADS will also represent the new shares.
- **Rights to Purchase Additional Shares.** If we offer holders of our ordinary shares any rights to subscribe for additional shares or any other rights, The Bank of New York may make these rights available to you. We must first instruct The Bank of New York to do so and furnish it with satisfactory evidence that it is legal to do so. If we do not furnish this evidence and/or give these instructions, and The Bank of New York decides it is practical to sell the rights, The Bank of New York will sell the rights and distribute the proceeds, in the same way as it does with cash. The Bank of New York may allow rights that are not distributed or sold to lapse. In that case, you will receive no value for them.

If The Bank of New York makes rights available to you, it will exercise the rights and purchase the shares on your behalf. The depository will then deposit the shares and deliver the ADSs to you. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay.

U.S. securities laws may restrict the sale, deposit, cancellation and transfer of the ADSs issued after exercise of rights. Under the deposit agreement, The Bank of New York will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. We can give no assurance that we can establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. In this case, The Bank of New York may issue the ADSs under a separate restricted deposit agreement which will contain the same provisions as the agreement, except for changes needed to put the restrictions in place.

- **Other Distributions.** The Bank of New York will send to you anything else we distribute on deposited securities by means it thinks are legal, fair and practical. If it cannot make the distribution in that way, The Bank of New York has a choice. It may decide to sell what we distributed and distribute the net proceeds in the same way as it does with cash or it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property.

The Bank of New York is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADRs, shares, rights or anything else to ADR holders. This means that you may not receive the distribution we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.

Deposit, Withdrawal and Cancellation

The Bank of New York will issue ADRs if you or your broker deposit shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, The Bank of New York will register the appropriate number of ADRs in the names you request and will deliver the ADRs at its corporate trust office to the persons you request.

You may turn in your ADRs at The Bank of New York's office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, The Bank of New York will deliver:

- (1) the deliverable portion of the underlying shares to an account designated by you; and
- (2) the deliverable portion of any other deposited securities underlying the ADR at the office of the custodian. Or, at your request, risk and expense, The Bank of New York will deliver the deliverable portion of the deposited securities at its corporate trust office.

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Voting Rights

You may instruct The Bank of New York to vote the shares underlying your ADSs but only if we ask The Bank of New York to ask for your instructions. Otherwise, you will not be able to exercise your right to vote unless you withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares.

If we ask for your instructions, The Bank of New York will notify you of the upcoming vote and arrange to deliver our voting materials to you. The materials will:

(1) describe the matters to be voted on; and

(2) explain how you, on a specified date, may instruct The Bank of New York to vote the shares or other deposited securities underlying your ADSs as you direct. For instructions to be valid, The Bank of New York must receive them on or before the date specified. The Bank of New York will try, in compliance with Hong Kong law and the provisions of our memorandum and articles of association, to vote or to have its agents vote the shares or other deposited securities as you instruct.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct The Bank of New York to vote your shares. In addition, The Bank of New York and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and there may be nothing you can do if your shares are not voted as you requested.

Notices and Reports

The Bank of New York will make available for inspection by registered holders at its Corporate Trust Office any reports and communications, including any proxy soliciting material, received from the company, which are both (a) received by The Bank of New York as the holder of the deposited securities, and (b) made generally available to the holders of such deposited securities by the company. The Bank of New York will also, upon written request, send to the registered holders copies of such reports when furnished by the company pursuant to the deposit agreement. Any such reports and communications, including any proxy soliciting material, furnished to The Bank of New York by the company will be furnished in English.

Fees and Expenses

Persons depositing shares or

ADR holders must pay:

For:

US\$5.00 (or less) per 100 ADSs (or portion thereof)

• Each issuance of an ADS, including as a result of a distribution of shares or rights or other property

• Each cancellation of an ADS, including if the deposit agreement terminates

US\$0.02 (or less) per ADS (or portion thereof)

• Any cash payment

A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs

• Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADR holders

US\$0.02 (or less) per ADSs per calendar year (if the depositary has not collected any cash distribution fee during that year)

• Depositary services

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ADR holders must pay:

Registration or transfer fees

Expenses of the depositary

Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS

Any charges incurred by the depositary or its agents for servicing the deposited securities

For:

- Transfer and registration of shares on the shares register of the registrar of the Foreign Registrar from your name to the name of the depositary or its agent when you deposit or withdraw ordinary shares
- Conversion of RMB to U.S. dollars
- Cable, telex, and facsimile transmission expenses as are expressly provided in the deposit agreement
- As necessary
- As necessary

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADRs or on the deposited securities underlying your ADRs. The Bank of New York may refuse to transfer your ADRs or allow you to withdraw the deposited securities underlying your ADRs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities underlying your ADRs to pay any taxes owed and you will remain liable for any deficiency. If it sells deposited securities, it will, if appropriate, reduce the number of ADRs to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes.

Reclassifications, Recapitalizations and Mergers

If we:

- Change the nominal or par value of our shares
- Reclassify, split up or consolidate any of the deposited securities
- Distribute securities on the shares that are not distributed to you
- Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action

Then:

The cash, shares or other securities received by the depositary will become deposited securities. Each ADS will automatically represent its equal share of the new deposited securities.

The depositary may, and will if we ask it to, distribute some or all of the cash, shares or other securities it received. It may also deliver new ADSs or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

Amendment and Termination

We may agree with The Bank of New York to amend or extend the deposit agreement and the ADRs without your consent for any reason. If the amendment will cause any of the following results, the amendment will become effective 30 days after The Bank of New York notifies you of the amendment:

- adds or increases fees or charges, except for:
 - taxes and other governmental charges;
 - registration fees;
 - cable, telex or facsimile transmission costs;
 - delivery costs or other such expenses; or
 - prejudices any important right of ADR holders.

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At the time an amendment becomes effective, you are considered, by continuing to hold your ADR, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended. An amendment to the deposit agreement may include extending such agreement.

The Bank of New York will terminate the deposit agreement if we ask it to do so. In such case, The Bank of New York must notify you at least 90 days before termination. The Bank of New York may also terminate the deposit agreement if The Bank of New York has told us that it would like to resign and we have not appointed a new depositary bank within 90 days.

After termination, The Bank of New York and its agents will be required to do only the following under the deposit agreement:

- collect distributions on the deposited securities;
- sell rights and other property; and
- deliver shares and other deposited securities upon cancellation of ADRs.

One year after termination, The Bank of New York may sell any remaining deposited securities by public or private sale. After that, The Bank of New York will hold the proceeds of the sale, as well as any other cash it is holding under the deposit agreement for the pro rata benefit of the ADR holders that have not surrendered their ADRs. It will not invest the money and will have no liability for interest. The Bank of New York's only obligations will be an indemnification obligation and an obligation to account for the proceeds of the sale and other cash. After termination, our only obligations will be an indemnification obligation and our obligation to pay specified amounts to The Bank of New York.

Limitations On Obligations and Liability to ADR Holders

The deposit agreement expressly limits our obligations and the obligations of The Bank of New York, and it limits our liability and the liability of The Bank of New York. We and The Bank of New York:

- are only obligated to take the actions specifically provided for in the deposit agreement without negligence or bad faith;
- are not liable if either is prevented or delayed by law or circumstances beyond their control from performing our obligations under the deposit agreement;
- are not liable if either exercises discretion permitted under the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADRs or the deposit agreement on your behalf of any other party; and
- may rely upon any documents they believe in good faith to be genuine and to have been signed or presented by the proper party.

In the deposit agreement, we and The Bank of New York agree to indemnify each other under designated circumstances.

Requirements for Depositary Actions

The ADRs are transferable on the books of The Bank of New York, provided that The Bank of New York may close the transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. Before The Bank of New York will issue or register transfer of an ADR, make a distribution on an ADR, or process a withdrawal of shares, The Bank of New York may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and

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- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The Bank of New York may refuse to deliver, transfer or register transfers of ADRs generally when our books or the books of The Bank of New York are closed, or at any time if The Bank of New York or we think it advisable to do so.

You have the right to cancel your ADRs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (1) The Bank of New York or we have closed its or our transfer books; (2) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (3) we are paying a dividend on the shares;
- when you or other ADR holders seeking to withdraw shares owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADRs or to the withdrawal of shares or other deposited securities.

The right of withdrawal may not be limited by any other provision of the deposit agreement.

Pre-Release of ADRs

In compliance with the provisions of the deposit agreement, The Bank of New York may issue ADRs before deposit of the underlying shares. This is called a pre-release of the ADR. The Bank of New York may also deliver shares upon cancellation of pre-released ADRs, even if the ADRs are cancelled before the pre-release transaction has been closed out. A pre-release is closed out as soon as the underlying shares are delivered to The Bank of New York. The Bank of New York may receive ADRs instead of shares to close out a pre-release. The Bank of New York may pre-release ADRs only under the following conditions:

- before or at the time of the pre-release, the person to whom the pre-release is being made must represent to The Bank of New York in writing that it or its customer owns the shares or ADRs to be deposited;
- the pre-release must be fully collateralized with cash or other collateral that The Bank of New York considers appropriate; and
- The Bank of New York must be able to close out the pre-release on not more than five business days' notice.

In addition, The Bank of New York will limit the number of ADRs that may be outstanding at any time as a result of pre-release to 30.0% of total shares deposited, although The Bank of New York may disregard the limit from time to time, if it thinks it is appropriate to do so.

TAXATION

The following summary of the material Cayman Islands and United States federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Maples and Calder Asia, special Cayman Islands counsel to us. To the extent the discussion relates to matters of United States law or legal conclusions and subject to the qualification herein, it represents the opinion of Latham & Watkins LLP, our special U.S. counsel.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

United States Federal Income Taxation

The following discussion describes the material United States federal income tax consequences under present law of an investment in the ADSs or ordinary shares. This summary applies only to investors that hold the ADSs or ordinary shares as capital assets and that have the U.S. dollar as their functional currency. This discussion is based on the tax laws of the United States as in effect on the date of this prospectus and on United States Treasury regulations in effect or, in some cases, proposed, as of the date of this prospectus, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not deal with the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- financial institutions;
- insurance companies;
- broker dealers;
- traders that elect to mark to market;
- tax-exempt entities;
- persons liable for alternative minimum tax;
- persons holding an ADS or ordinary share as part of a straddle, hedging, conversion or integrated transaction;
- holders that actually or constructively own 10% or more of our voting stock; or
- persons holding ADSs or ordinary shares through partnerships or other pass-through entities.

Prospective purchasers are urged to consult their tax advisors about the application of the United States federal tax rules to their particular circumstances as well as the state and local and foreign tax consequences to them of the purchase, ownership and disposition of ADSs or ordinary shares.

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The discussion below of the United States federal income tax consequences to “U.S. Holders” will apply if you are the beneficial owner of ADSs or ordinary shares and you are

- a citizen or resident of the United States;
- a corporation or partnership organized under the laws of the United States, any State or the District of Columbia;
- an estate whose income is subject to United States federal income taxation regardless of its source;
- a trust that (1) is subject to the supervision of a court within the United States and the control of one or more United States persons or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

If you are not described as a U.S. Holder, you will be considered a “Non-U.S. Holder.” Non-U.S. Holders should consult the discussion below regarding the United States federal income tax consequences applicable to Non-U.S. Holders.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with the terms. If you hold ADSs, you should be treated as the holder of the underlying ordinary shares represented by those ADSs for United States federal income tax purposes.

U.S. Holders

Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares

Subject to the passive foreign investment company rules discussed below, the gross amount of dividends paid with respect to the ADSs or ordinary shares, generally will be included in your gross income as ordinary income on the date of receipt by the depository, in the case of ADSs, or by you, in the case of ordinary shares, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits. For this purpose, earnings and profits will be computed under United States federal income tax principles. The dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations. To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in your ADSs or ordinary shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain.

Dividends paid in RMB will be included in your income as a U.S. dollar amount based on the exchange rate in effect on the date of receipt by the depository, in the case of ADSs, or by you, in the case of ordinary shares, regardless of whether the payment is in fact converted into U.S. dollars at that time. If you do not receive U.S. dollars on the date the dividend is distributed, you will be required to include either gain or loss in income when you later exchange the RMB for U.S. dollars. The gain or loss will be equal to the difference between the U.S. dollar value of the amount that you include in income upon receipt of the dividend and the amount that you receive when you actually exchange the RMB for U.S. dollars. The gain or loss generally will be ordinary income or loss from United States sources. If we distribute to you non-cash property, you will include in income an amount equal to the U.S. dollar equivalent of the fair market value of the property on the date that it is distributed.

Under recently enacted legislation, with respect to non-corporate taxpayers for taxable years beginning after December 1, 2002 and before January 1, 2009 such dividends may be taxed at the lower applicable capital gains rate provided that (1) the ADSs or ordinary shares are readily tradable on an established securities market in the United States, (2) we are not a passive foreign investment company (as discussed below) or a foreign personal holding company (as discussed below) for either our taxable year in which the dividend was paid or the preceding taxable year, and (3) certain holding period requirements are met. For this purpose, ADSs listed on

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Nasdaq will be considered to be readily tradable on an established securities market in the United States. You should consult your tax advisors regarding the availability of the lower rate for dividends paid with respect to our ADSs or ordinary shares.

Dividends will constitute foreign source income for foreign tax credit limitation purposes. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to the ADSs or ordinary shares will be “passive income” or, in the case of certain U.S. Holders, “financial services income.”

Taxation of Disposition of Shares

Subject to the passive foreign investment company rules discussed below, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of an ADS or ordinary share equal to the difference between the amount realized (in U.S. dollars) for the ADS or ordinary share and your tax basis (in U.S. dollars) in the ADS or ordinary share. If the consideration you receive for the ADS or ordinary share is not paid in U.S. dollars, the amount realized will be the U.S. dollar value of the payment received. In general, the U.S. dollar value of such a payment will be determined on the date of receipt of payment if you are a cash basis taxpayer and on the date of disposition if you are an accrual basis taxpayer. However, if the ADSs or ordinary shares are treated as traded on an established securities market and you are either a cash basis taxpayer or an accrual basis taxpayer who has made a special election, you will determine the U.S. dollar value of the amount realized in a foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. The gain or loss generally will be capital gain or loss. If you are an individual who has held the ADS or ordinary share for more than one year, you will be eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitation. Any such gain or loss that you recognize will generally be treated as United States source income or loss.

Passive Foreign Investment Company

We believe that we are not a passive foreign investment company for United States federal income tax purposes and do not expect to become a passive foreign investment company in the future. A non-U.S. corporation is considered a passive foreign investment company for any taxable year if either

- at least 75% of its gross income is passive income, or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

We must make a separate determination each year as to whether we are a passive foreign investment company. As a result, our passive foreign investment company status may change. In particular, fluctuation in the market price of our ADSs or ordinary shares may result in us becoming a passive foreign investment company.

If we are a passive foreign investment company for any taxable year during which you hold ADSs or ordinary shares, you will be subject to special tax rules with respect to any “excess distribution” that you receive and any gain you realize from a sale or other disposition (including a pledge) of the ADSs or ordinary shares, unless you make a “mark-to-market” election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as an excess distribution. Under these special tax rules

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or ordinary shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a passive foreign investment company, will be treated as ordinary income, and

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- the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the ADSs or ordinary shares cannot be treated as capital, even if you hold the ADSs or ordinary shares as capital assets.

If we are a passive foreign investment company, you may avoid taxation under the rules described above by making a “qualified electing fund” election to include your share of our income on a current basis, or a “deemed sale” election once we no longer qualify as a passive foreign investment company. However, you may make a qualified electing fund election only if we agree to furnish you annually with certain tax information, and we do not presently intend to prepare or provide such information.

Alternatively, a U.S. Holder of “marketable stock” in a passive foreign investment company may make a mark-to-market election for stock of a passive foreign investment company to elect out of the tax treatment discussed three paragraphs above. If you make a mark-to-market election for the ADSs or ordinary shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the ADSs or ordinary shares as of the close of your taxable year over your adjusted basis in such ADSs or ordinary shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the ADSs or ordinary shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the ADSs or ordinary shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs or ordinary shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the ADSs or ordinary shares, as well as to any loss realized on the actual sale or disposition of the ADSs or ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs or ordinary shares. Your basis in the ADSs or ordinary shares will be adjusted to reflect any such income or loss amounts. The tax rules that apply to distributions by corporations which are not passive foreign investment companies would apply to distributions by us.

The mark-to-market election is available only for stock which is regularly traded on a qualified exchange or other market, as defined in applicable Treasury regulations. We expect that the ADSs will be listed on Nasdaq and, consequently, provided that the ADSs remain listed on Nasdaq, the mark-to-market election would be available to you if you hold ADSs, were we to be or become a passive foreign investment company.

If one holds ADSs or ordinary shares in any year in which we are a passive foreign investment company, you would be required to file Internal Revenue Service Form 8621 regarding distributions received on the ADSs or ordinary shares and any gain realized on the disposition of the ADSs or ordinary shares.

Foreign Personal Holding Company

Depending on the degree of direct or indirect ownership of our shares (including shares represented by ADSs) by individuals who are U.S. citizens or residents (directly, indirectly or by attribution), we may constitute a foreign personal holding company. In general, a foreign corporation will constitute a foreign personal holding company for United States federal income tax purposes if more than 50% of the equity of the corporation, measured by reference to voting power or value of the corporation, is owned directly, indirectly or by attribution by five or fewer individuals who are U.S. citizens or residents and at least 60% (50% in taxable years after the corporation qualifies as a foreign personal holding company) of the foreign corporation’s income is passive income. We believe that we are not a foreign personal holding company and do not expect to become a foreign personal holding company in the future. If we were treated as a foreign personal holding company, all U.S.

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Holders of our shares or ADSs would be treated as receiving a dividend at the end of our taxable year in an amount equal to each such holder's pro rata share of our "undistributed foreign personal holding company income" (very generally, all of our taxable income less a dividend paid deduction).

Non-U.S. Holders

If you are a Non-U.S. Holder, you generally will not be subject to United States federal income tax on dividends paid by us unless the income is effectively connected with your conduct of a trade or business in the United States.

You generally will not be subject to United States federal income tax on any gain attributable to a sale or other disposition of the ADSs or ordinary shares unless such gain is effectively connected with your conduct of a trade or business within the United States or you are a natural person who is present in the United States for 183 days or more and certain other conditions exist.

Dividends and gains that are effectively connected with your conduct of a trade or business in the United States generally will be subject to tax in the same manner as they would be if you were a U.S. Holder. Effectively connected dividends and gains received by a corporate Non-U.S. Holder may also be subject to an additional branch profits tax at a 30% rate or a lower tax treaty rate.

Information Reporting and Backup Withholding

In general, information reporting for U.S. federal income tax purposes will apply to distributions made on the ADSs or ordinary shares paid within the United States to a non-corporate United States person and on sales of the ADSs or ordinary shares to or through a United States office of a broker by a non-corporate United States person. Payments made outside the United States will be subject to information reporting in limited circumstances.

In addition, backup withholding of U.S. federal income tax will apply to distributions made on ADSs or ordinary shares within the United States to a non-corporate United States person and on sales of ADSs or ordinary shares to or through a United States office of a broker by a non-corporate United States person who:

- fails to provide an accurate taxpayer identification number,
- is notified by the Internal Revenue Service that backup withholding will be required, or
- fails to comply with applicable certification requirements.

The amount of any backup withholding collected will be allowed as a credit against United States federal income tax liability provided that appropriate returns are filed.

A Non-U.S. Holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status to the payer, under penalties of perjury, on Internal Revenue Service Form W-8BEN.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have outstanding 6,916,182 ADSs representing approximately 45.0% of our ordinary shares. All of the ADSs sold in this offering will be freely transferable by persons other than our “affiliates” who are subject to restriction under the Securities Act. Sales of substantial amounts of our ADSs in the public market could adversely affect prevailing market prices of our ADSs.

Lock-Up Agreements

Each of the selling shareholders named in the “Selling Shareholders” section of this prospectus has agreed for a period of 90 days after the date of this registration statement becomes effective, not to transfer or dispose of, directly or indirectly, any of our ordinary shares, in the form of ADSs or otherwise, or any securities convertible into or exchangeable or exercisable for shares of our ordinary shares, in the form of ADSs or otherwise. After the expiration of the 90-day period, the ordinary shares or ADSs held by the selling shareholders may be sold subject to the restriction under Rule 144 under the Securities Act or by means of registered public offerings.

Rule 144

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) who has beneficially owned our ordinary shares for at least one year, is entitled to sell within any three-month period commencing 90 days after the effective date of this offering a number of ordinary shares that does not exceed the greater of the following:

- 1.0% of the then outstanding ordinary shares, in the form of ADSs or otherwise, which will equal approximately 307,466 ordinary shares immediately after this offering; or
- the average weekly trading volume of our ordinary shares in the form of ADSs or otherwise, during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales under Rule 144 must be through unsolicited brokers’ transactions. They are also subject to manner of sale provisions, notice requirements and the availability of current public information about us.

Rule 144(k)

Under Rule 144(k), a person who is not our affiliate at any time during the three months preceding a sale, and who has beneficially owned the ordinary shares, in the form of ADSs or otherwise, proposed to be sold for at least two years, including the holding period of any prior owner other than an affiliate, is entitled to sell those shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144. Therefore, unless otherwise restricted, “144(k) shares” may be sold at any time.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases ordinary shares, in the form of ADSs or otherwise, from us in connection with a compensatory stock plan and the associated agreements entered into prior to our initial public offering is eligible to resell such shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

Registration Rights

Upon completion of this offering, certain holders of our ordinary shares or their transferees will be entitled to request that we register their ordinary shares under the Securities Act, following the expiration of the lock-up agreements described above.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated, North Tower, World Financial Center, New York, New York 10281-1201 is acting as representative of the underwriters named below. Subject to the terms and conditions contained in the underwriting agreement among us, the selling shareholders and the underwriters, the selling shareholders have agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from the selling shareholders, the number of ADSs listed opposite their names below.

<u>Underwriter</u>	<u>Number of ADSs</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Total	

Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as the global coordinator and bookrunner for the offering.

The underwriters have agreed to purchase all of the ADSs sold under the underwriting agreement if any of these ADSs are purchased. If an underwriter defaults, the underwriting agreement provides that, in certain circumstances, the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated. The closings for the sale of the ADSs to be purchased by the underwriters are conditioned on one another.

We and the selling shareholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the ADSs, subject to prior sale, when, as and if issued to and accepted by them, subject to the approval of legal matters by their counsel, including the validity of the ADSs, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The underwriters have advised the selling shareholders that the underwriters propose initially to offer the ADSs to the public at the public offering price on the cover page of this prospectus, and to certain dealers at that price less a concession not in excess of US\$· per ADS. The underwriters may allow, and the dealers may reallow, a concession not in excess of US\$· per ADS to other dealers. After the public offering, the public offering price, concession and discount may be changed.

The selling shareholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 250,000 additional ADSs at the public offering price less the underwriting discount. The underwriters may exercise such option to purchase solely for the purpose of covering overallocments, if any, incurred in the sale of the ADSs offered hereby. If the underwriters exercise such option, each will become obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional ADSs proportionate to that underwriter's initial amount reflected in the above table.

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The following table shows the per ADS public offering price, underwriting discount and the proceeds before expenses to the selling shareholders. These amounts are shown assuming both no exercise and full exercise of the overallotment options.

	<u>Per ADS</u>	<u>Without Option</u>	<u>With Option</u>
Public offering price	US\$	US\$	US\$
Underwriting discount	US\$	US\$	US\$
Proceeds, before expenses, to the selling Shareholders	US\$	US\$	US\$

No Sale of Similar Securities

We and the selling shareholders have agreed, with exceptions, not to sell or transfer any of our ordinary shares or ADSs for 90 days after the date of this prospectus without first obtaining the written consent of the global coordinator and bookrunner. Specifically, the selling shareholders have agreed not to directly or indirectly:

- offer, pledge, sell or contract to sell any ordinary shares and ADSs,
- sell any option or contract to purchase any ordinary shares and ADSs,
- purchase any option or contract to sell any ordinary shares and ADSs,
- grant any option, right or warrant for the sale of any ordinary shares and ADSs,
- lend or otherwise dispose of or transfer any ordinary shares and ADSs, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any ordinary shares and ADS whether any such swap or transaction is to be settled by delivery of shares, ADS or other securities, in cash or otherwise.

This lock-up provision applies to the ordinary shares, ADSs and to securities convertible into or exchangeable or exercisable for or repayable with the ordinary shares or ADSs. It also applies to the ordinary shares and ADSs owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Quotation on the Nasdaq National Market

The ADSs have been approved for quotation on the Nasdaq National Market under the symbol “CTRP.”

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the ADSs is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our ADSs. However, the representative may engage in transactions that stabilize the price of the ADSs, such as bids or purchases to peg, fix or maintain that price.

If the underwriters create a short position in the ADSs in connection with the offering, i.e., if they sell more shares than are listed on the cover of this prospectus, the representative may reduce that short position by purchasing the ADSs in the open market. The representative may also elect to reduce any short position by exercising all or part of the overallotment option described above. The underwriters may sell more ADSs than could be covered by exercising all of the overallotment option, in which case, they would have to cover these sales through open market purchases. Purchases of the ADSs to stabilize its price or to reduce a short position may cause the price of the ADSs to be higher than it might be in the absence of such purchases.

The representative may also impose a penalty bid on underwriters and selling group members. This means that if the representative purchases ADSs in the open market to reduce the underwriter’s short position or to stabilize the price of such ADSs, they may reclaim the amount of the selling concession from the underwriters and selling group members who sold those ADSs. The imposition of a penalty bid may also affect the price of the shares in that it discourages resales of those ADSs.

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Neither we nor the selling shareholders nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the ADSs. In addition, neither we nor the selling shareholders nor any of the underwriters makes any representation that the representative or the lead manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Selling Restrictions

This prospectus does not constitute an offer of, or an invitation by or on behalf of, us or by or on behalf of the underwriters, to subscribe for or purchase, any of the ADSs in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in that jurisdiction. The distribution of this prospectus and the offering of the ADSs in certain jurisdictions may be restricted by law. We and the underwriters require persons into whose possession this prospectus comes to inform themselves about and to observe any such restrictions.

The Selling Shareholders will not offer or sell any ordinary shares or ADSs to any member of the public in the Cayman Islands.

Electronic Distributions

A prospectus in electronic format may be made available on Web sites maintained by one or more of the underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters that will make Internet distributions on the same basis as other allocations. Other than the prospectus in electronic format, the information on these Web sites is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved or endorsed by us or any underwriter in its capacity as underwriter, and should not be relied upon by investors.

In addition, a prospectus in electronic format is being made available on an Internet website maintained by E*TRADE Securities, Inc. SoundView Technology Corporation, pursuant to a Relationship Agreement with E*TRADE, may offer shares that it underwrites to customers of E*TRADE. The underwriters may allocate a number of ADSs to SoundView Technology Corporation for sale to online brokerage account holders of E*TRADE Securities, Inc. These online brokerage account holders will have the opportunity to purchase ADSs using the Internet in accordance with procedures established by E*TRADE Securities, Inc.

Settlement Cycle

The delivery of the ADSs is expected to be made against payment therefor on or about the date specified in the last paragraph of the cover page of this prospectus, which is the third business day in New York following the date of this prospectus. Pursuant to Rule 15c6-1 under the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the ADSs on the date of this prospectus or the next four succeeding business days will be required, by virtue of the fact that these securities will settle in T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors.

LEGAL MATTERS

The validity of the ADSs and certain other legal matters with respect to U.S. federal and New York laws in connection with this offering will be passed upon for us by Latham & Watkins LLP. Certain legal matters with respect to U.S. federal and New York laws in connection with this offering will be passed upon for the underwriters by Simpson Thacher & Bartlett LLP. The validity of the ordinary shares represented by the ADSs offered in this offering will be passed upon for us by Maples and Calder Asia. Legal matters as to Chinese law will be passed upon for us by Commerce & Finance Law Offices and for the underwriters by Jingtian & Gongcheng. Latham & Watkins LLP may rely upon Maples and Calder Asia with respect to matters governed by Cayman Islands' law, upon Commerce & Finance Law Offices with respect to matters governed by Chinese law.

EXPERTS

Our consolidated financial statements incorporated in this prospectus by reference to the Annual Report on Form 20-F have been so incorporated in reliance on the report of PricewaterhouseCoopers Zhong Tian CPAs Limited Company, our independent public accountants given on the authority of said firm as experts in auditing and accounting.

The offices of PricewaterhouseCoopers Zhong Tian CPAs Limited Company are located at 19th Floor, Shui On Plaza, 333 Huai Hai Zhong Road, Shanghai, 200021, China.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed a registration statement with the SEC on Form F-2 under the Securities Act relating to the ADSs and underlying ordinary shares to be sold in this offering. This prospectus, which constitutes a part of that registration statement, does not contain all of the information contained in the registration statement. You should read the registration statement and its exhibits and schedules for further information with respect to us, our ordinary shares and our ADSs.

We are currently subject to periodic reporting and other information requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we are required to file or furnish reports, including annual reports on Form 20-F, reports on Form 6-K, and other information with the SEC. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of proxy statements and our officers, directors and principal shareholders will be exempt from the reporting and “shortswing” profit recovery provisions of the Exchange Act.

All information filed with the SEC can be inspected and copied at the public reference facilities of the SEC, at 450 Fifth Street, N.W., Washington D.C. 20549. You can request copies of these documents upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. We file reports with the SEC electronically. The reports that we have filed with the SEC electronically are available to you over the Internet at the SEC website at <http://www.sec.gov>. Our SEC filings, including this prospectus, and other information may also be inspected at the offices of the Nasdaq National Market, Reports Section, 1735 K Street, N.W. Washington, D.C. 20006.

We furnish the depositary referred to under “Description of American Depositary Shares” with annual reports, which include annual audited consolidated financial statements prepared in accordance with U.S. GAAP. The depositary has agreed that, at our request, it will promptly mail these reports to all registered holders of ADSs. We also furnish to the depositary all notices of shareholders’ meetings and other reports and communications that are made generally available to our shareholders. The depositary, upon our written request, will arrange for the mailing of these documents to record holders of ADSs. Please see “Description of American Depositary Shares” for further details on the responsibilities of the depositary.

The SEC allows us to “incorporate by reference” information into this prospectus. This means that we can disclose important information to you by referring you to another document that we have filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus, and certain later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the following documents:

- our annual report on Form 20-F for the fiscal year ended December 31, 2003, filed with the SEC on May 11, 2004, and
- any future information contained in filings on Form 6-K made with the SEC under the Exchange Act after the date of this prospectus and prior to the termination of the offer as described in this prospectus, that is identified in such forms as being incorporated into this prospectus.

We will provide, without charge, to each person, including any beneficial owner, to whom this prospectus is delivered, upon written or oral request, a copy of any document incorporated by reference into this prospectus but not delivered with this prospectus. You should direct your request for these filings to us at 3F, Building 63-64, No. 421 Hong Cao Road, Shanghai 200233, People’s Republic of China, attention: Megan Peng, telephone number: (8621) 3406-4880. You may also obtain these filings electronically at the SEC’s worldwide website at <http://www.sec.gov/edgarhp/htm>.

We have not authorized any dealer, salesperson or other person to give any information or represent anything not contained in this prospectus. You must not rely on any unauthorized information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus does not offer to sell any shares in any jurisdiction where it is unlawful. The information in this prospectus is current as of the date shown on the cover page.

2,216,182 American Depositary Shares



Ctrip.com International, Ltd.

Representing 4,432,364 Ordinary Shares

PROSPECTUS

Merrill Lynch & Co.

May [], 2004

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 8. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences or committing a crime. Our articles of association provide for indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such, except through their own willful neglect or default.

Pursuant to the form of indemnification agreements filed as Exhibit 10.2 to this registration statement, we will agree to indemnify our directors and officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or officer.

The form of underwriting agreement to be filed as Exhibit 1.1 to this registration statement will also provide for indemnification of us and our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

ITEM 9. EXHIBITS.

<u>Exhibits</u>	<u>Description of Document</u>
1.1*	Form of Underwriting Agreement.
4.1	Specimen American Depositary Receipt of Ctrip.com International, Ltd. (incorporated by reference to Exhibit 4.1 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 25, 2003).
4.2	Specimen Stock Certificate of Ctrip.com International, Ltd. (incorporated by reference to Exhibit 4.2 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 25, 2003).
4.3	Deposit Agreement among the Registrant, The Bank of New York and holder of the American Depositary Receipts (incorporated by reference to Exhibit 4.3 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 25, 2003).
5.1*	Opinion of Maples and Calder Asia regarding the validity of the ordinary shares being registered.
8.1*	Opinion of Latham & Watkins LLP regarding certain U.S. tax matters.
10.1	Form of Ctrip.com International, Ltd. Stock Option Plan (incorporated by reference to Exhibit 10.1 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.2	Form of Indemnification Agreement with the Registrant's directors and executive officers. (incorporated by reference to Exhibit 10.2 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)

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<u>Exhibits</u>	<u>Description of Document</u>
10.3	Translation of Form of Labor Contract for Employees of the Registrant's subsidiaries in China. (incorporated by reference to Exhibit 10.3 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.4	Employment Agreement, effective as of September 1, 2003 between the Registrant and James Jianzhang Liang. (incorporated by reference to Exhibit 10.4 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.5	Employment Agreement, effective as of September 1, 2003 between the Registrant and Neil Nanpeng Shen. (incorporated by reference to Exhibit 10.5 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.6	Employment Agreement, effective as of September 1, 2003 between the Registrant and Min Fan. (incorporated by reference to Exhibit 10.6 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.7	Translation of Form of Consulting and Services Agreement between Ctrip Computer Technology (Shanghai) Co., Ltd. and an Affiliated Chinese Entity of the Registrant, as currently in effect. (incorporated by reference to Exhibit 10.7 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.8	Translation of Form of Loan Agreement between Ctrip.com (Hong Kong) Limited and a Shareholder of an Affiliated Chinese Entity of the Registrant, as currently in effect. (incorporated by reference to Exhibit 10.8 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.9	Translation of Form of Exclusive Option Agreement among Ctrip.com (Hong Kong) Limited, an Affiliated Chinese Entity of the Registrant and the Shareholder of the Entity, as currently in effect. (incorporated by reference to Exhibit 10.9 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.10	Translation of Form of Share Pledge Agreement among Ctrip Computer Technology (Shanghai) Co., Ltd. and a Shareholder of an Affiliated Chinese Entity of the Registrant, as currently in effect. (incorporated by reference to Exhibit 10.10 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.11	Translation of Form of Trademark License Agreement between Ctrip Computer Technology (Shanghai) Co., Ltd. and an Affiliated Chinese Entity of the Registrant, as currently in effect. (incorporated by reference to Exhibit 10.11 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.12	Translation of Form of Software License Agreement between Ctrip Computer Technology (Shanghai) Co., Ltd. and an Affiliated Chinese Entity of the Registrant, as currently in effect. (incorporated by reference to Exhibit 10.12 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.13	Translation of Form of Operating Agreement between Ctrip Computer Technology (Shanghai) Co., Ltd. and an Affiliated Chinese Entity of the Registrant, as currently in effect. (incorporated by reference to Exhibit 10.13 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.14	Translation of Lease Agreement dated May 1, 2003 between Ctrip Travel Information Technology (Shanghai) Co., Ltd. and Yu Zhong (Shanghai) Consulting Co., Ltd. (incorporated by reference to Exhibit 10.14 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)

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<u>Exhibits</u>	<u>Description of Document</u>
10.15	Translation of Form of Power of Attorney by a shareholder of an Affiliated Chinese Entity of the Registrant, as currently in effect. (incorporated by reference to Exhibit 10.15 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.16	Confidentiality and Non-Competition Agreement, effective as of September 10, 2003, between the Registrant and Qi Ji. (incorporated by reference to Exhibit 10.16 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.17	Consulting Services Agreement, dated November 2000, between Shanghai Ctrip Commerce Co., Ltd. and Ctrip Computer Technology (Shanghai) Co., Ltd. (terminated) (incorporated by reference to Exhibit 10.17 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.18	Consulting Services Agreement, effective as of July 15, 2002, between Ctrip Computer Technology (Shanghai) Co., Ltd. and Beijing Chenhao Xinye Air-Ticketing Service Co., Ltd. (terminated) (incorporated by reference to Exhibit 10.18 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.19	Travel Information Services Agreement, effective as of May 1, 2002, between Ctrip Computer Technology (Shanghai) Co., Ltd. and Shanghai Huacheng Southwest Travel Agency Co., Ltd. (terminated) (incorporated by reference to Exhibit 10.19 from our Registration Statement on Form F-1 (file no. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
10.20	Form of Director Agreement between the Registrant and its director (incorporated by reference to Exhibit 4.20 from our annual report on Form 20-F (file no. 333-110455) filed with the Securities and Exchange Commission on May 11, 2004)
23.1*	Consent of PricewaterhouseCoopers Zhong Tian CPAs Limited Company, Independent Auditors.
23.2*	Consent of Maples and Calder Asia (see Exhibit 5.1).
23.3*	Consent of Latham & Watkins LLP.
23.4*	Consent of Commerce & Finance Law Offices.
24.1*	Powers of Attorney (included on signature page).
32.1	CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (incorporated by reference to Exhibit 99.1 from our annual report on Form 20-F (file no. 333-110455) filed with the Securities and Exchange Commission on May 11, 2004)
32.2	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (incorporated by reference to Exhibit 99.2 from our annual report on Form 20-F (file no. 333-110455) filed with the Securities and Exchange Commission on May 11, 2004)
99.1	Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 from our annual report on Form 20-F (file no. 333-110455) filed with the Securities and Exchange Commission on May 11, 2004)
99.2*	Opinion of Commerce & Finance Law Offices regarding certain Chinese law matters.

* Filed herewith.

ITEM 10. UNDERTAKINGS.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(2) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) To file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A. of Form 20-F at the start of any delayed offering or throughout a continuous offering.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its U.S. counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to which the prospectus is sent or given, the registrant's latest filing on Form 20-F, Form 40-F or Form 10-K; and any filing on Form 10-Q, Form 8-K or Form 6-K incorporated by reference into the prospectus.

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Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<hr/> <i>/s/ James Jianzhang Liang</i> <hr/> James Jianzhang Liang	Chairman/Chief Executive Officer	May 21, 2004
<hr/> <i>/s/ Neil Nanpeng Shen</i> <hr/> Neil Nanpeng Shen	President/Chief Financial Officer	May 21, 2004
<hr/> <i>/s/ Xiaofan Wang</i> <hr/> Xiaofan Wang	Controller	May 21, 2004
<hr/> <i>/s/ JP Gan</i> <hr/> JP Gan	Director	May 21, 2004
<hr/> <i>/s/ Gabriel Li</i> <hr/> Gabriel Li	Director	May 21, 2004
<hr/> <i>/s/ Qi Ji</i> <hr/> Qi Ji	Director	May 21, 2004
<hr/> <i>/s/ Robert Stein</i> <hr/> Robert Stein	Director	May 21, 2004
<hr/> <i>/s/ Suyang Zhang</i> <hr/> Suyang Zhang	Director	May 21, 2004
<hr/> <i>/s/ Donald J. Puglisi</i> <hr/> Donald J. Puglisi Managing Director, Puglisi & Associates	Authorized Representative in the United States	May 21, 2004

Name:
Title:

CTrip.COM INTERNATIONAL, LTD.

(an exempted company limited by shares under the laws of the Cayman Islands)

**2,216,182 American Depositary Shares
each representing two Ordinary Shares**

UNDERWRITING AGREEMENT

Dated: , 2004

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CTRIP.COM INTERNATIONAL, LTD.

(an exempted company limited by shares
under the laws of the Cayman Islands)

**2,216,182 American Depositary Shares
each representing two Ordinary Shares**

UNDERWRITING AGREEMENT

, 2004

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
as Representative of the several Underwriters
North Tower
World Financial Center
New York, New York 10281-1201

Ladies and Gentlemen:

Ctrip.com International, Ltd., an exempted company limited by shares under the laws of the Cayman Islands (the "Company"), and the persons listed in Schedule B hereto (the "Selling Shareholders") confirm their respective agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and each of the other underwriters named in Schedule A hereto (collectively, the "Underwriters", which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof) for whom Merrill Lynch is acting as representative (in such capacity, the "Representative"), with respect to the sale by the Selling Shareholders, and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of American Depositary Shares ("ADSs"), each ADS representing two ordinary shares, par value \$0.01 per share, of the Company ("Ordinary Shares"), set forth in Schedules A and B hereto, and with respect to the grant by the Selling Shareholders to the Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof for the Underwriters to purchase all or any part of 250,000 additional ADSs, to cover over-allotments, if any. The aforesaid 2,216,182 ADSs (the "Initial Securities") to be purchased by the Underwriters and all or any part of the 250,000 ADSs subject to the option described in Section 2(b) hereof (the "Option Securities") are hereinafter called, collectively, the "Securities". The offer of the Securities by the Underwriters is hereinafter called the "Offering".

The Ordinary Shares to be represented by ADSs are to be deposited pursuant to a deposit agreement (the "Deposit Agreement"), dated as of December 8, 2003, among the Company, The Bank of New York, as depositary (the "Depositary"), and the holders from time to time of the American Depositary Receipts ("ADRs") issued and to be issued under the Deposit Agreement and evidencing the ADSs.

Unless the context otherwise requires, references to the "Securities" herein shall constitute references both to the Ordinary Shares and to the ADSs. All references to "US dollars" or "\$" herein are to United States dollars.

The Company and the Selling Shareholders understand that the Underwriters propose to make a public offering of the Securities as soon as the Representative deems advisable after this Agreement has been executed and delivered.

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form F-2 (No. 333-) covering the registration of the Securities under the Securities Act of 1933, as amended (the "1933 Act"), including the related preliminary prospectus. Promptly after execution and delivery of this Agreement, the Company will either (i) prepare and file a prospectus in accordance with the provisions of Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations") and paragraph (b) of Rule 424 ("Rule 424(b)") of the 1933 Act Regulations or (ii) if the Company has elected to rely upon Rule 434 ("Rule 434") of the 1933 Act Regulations, prepare and file a term sheet (a "Term Sheet") in accordance with the provisions of Rule 434 and Rule 424(b). The information included in such prospectus or in any such Term Sheet, as the case may be, that was omitted from such registration statement at the time it became effective but that is deemed to be part of such registration statement at the time it became

effective (A) pursuant to paragraph (b) of Rule 430A is referred to as “Rule 430A Information” or (B) pursuant to paragraph (d) of Rule 434 is referred to as “Rule 434 Information”. Each prospectus used before such registration statement became effective, and any prospectus that omitted, as applicable, the Rule 430A Information or the Rule 434 Information, that was used after such effectiveness and prior to the execution and delivery of this Agreement is herein called a “preliminary prospectus”. Such registration statement, including the exhibits thereto and schedules thereto, if any, and the documents incorporated by reference therein, at the time it became effective and including the Rule 430A Information and the Rule 434 Information, as applicable, is herein called the “Registration Statement”. Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations is herein referred to as the “Rule 462(b) Registration Statement”, and after such filing the term “Registration Statement” shall include the Rule 462(b) Registration Statement. The final prospectus, including the documents incorporated by reference therein under Form F-2 under the 1933 Act, in the forms first furnished to the Underwriters for use in connection with the Offering are herein called the “Prospectus.” If Rule 434 is relied on, the term “Prospectus” shall refer to the preliminary prospectus dated , 2004 together with the Term Sheet and all references in this Agreement to the date of such Prospectus shall mean the date of the Term Sheet.

All references in this Agreement to financial statements and schedules and other information which is “contained,” “included” or “stated” in the Registration Statement, any preliminary prospectus or the Prospectus (or other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which is incorporated by reference in the Registration Statement, any preliminary prospectus or the Prospectus, as the case may be; and all references in this Agreement to amendments or supplements to the Registration Statement, any preliminary prospectus or the Prospectus shall be deemed to mean and include the filing of any document under the Securities Exchange Act of 1934 (the “1934 Act”) which is incorporated by reference in the Registration Statement, such preliminary prospectus or the Prospectus, as the case may be.

The Company and the Depositary have prepared and filed with the Commission a registration statement on Form F-6 (No. 333-110459) and a related prospectus, which may be in the form of the ADR certificate, for the registration under the 1933 Act of the ADSs evidenced by ADRs, have filed such amendments thereto and such amended preliminary prospectuses as may have been required to the date hereof, and will file such additional amendments thereto and such amended prospectuses as may hereafter be required. The registration statement on Form F-6 for the registration of the ADSs evidenced by ADRs, as amended at the time it becomes effective (including by the filing of any post-effective amendments thereto), and the prospectus included therein, as then amended, are hereinafter called the “ADR Registration Statement” and the “ADR Prospectus”, respectively.

SECTION 1. *Representations and Warranties.*

(a) *Representations and Warranties by the Company.* The Company represents and warrants to each Underwriter as of the date hereof, as of the Closing Time referred to in Section 2(d) hereof, and as of each Time of Delivery (if any) referred to in Section 2(d) hereof, and agrees with each Underwriter, as follows:

(i) *Compliance with Registration Requirements.* The Company meets the requirements for use of Form F-2 under the 1933 Act. Each of the Registration Statement, any Rule 462(b) Registration Statement and the ADR Registration Statement has become effective under the 1933 Act or 1934 Act, as applicable, and no stop order suspending the effectiveness of the Registration Statement, any Rule 462(b) Registration Statement or the ADR Registration Statement has been issued under the 1933 Act or 1934 Act, as applicable, and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with.

At the respective times the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendments thereto became effective and at the Closing Time (and, if any Option Securities are purchased, at the relevant Time of Delivery), the Registration Statement, the Rule 462(b) Registration Statement and any amendments and supplements thereto complied and will comply in all material respects

with the requirements of the 1933 Act and the 1933 Act Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Neither the Prospectus nor any amendments or supplements thereto at the time the Prospectus or any amendments or supplements thereto were issued and at the Closing Time (and, if any Option Securities are purchased, at the relevant Time of Delivery), included or will include an untrue statement of a material fact or omitted or will omit to state a material fact necessary in order to make the statements therein not misleading. If Rule 434 is used, the Company will comply with the requirements of Rule 434 and the Prospectus shall not be “materially different”, as such term is used in Rule 434, from the prospectus included in the Registration Statement at the time it became effective. The representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through the Representative expressly for use in the Registration Statement or the Prospectus.

The documents incorporated or deemed to be incorporated by reference in the Registration Statement and the Prospectus, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1934 Act and the rules and regulations of the Commission thereunder (the “1934 Act Regulations”), and, when read together with the other information in the Prospectus, at the time the Registration Statement became effective, at the time the Prospectus was issued and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

Each preliminary prospectus and the Prospectus filed as part of the Registration Statement or as part of any amendment thereto, or filed pursuant to Rule 424 under the 1933 Act, complied when such registration statement became effective in all material respects with the 1933 Act and the 1933 Act Regulations and each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with the Offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

At the time the ADR Registration Statement became effective and at the Closing Time (and, if any Option Securities are purchased, at the relevant Time of Delivery), the ADR Registration Statement complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The ADR Prospectus, at the time the ADR Prospectus or any amendment or supplement thereto was issued and at the Closing Time (and, if any Option Securities are purchased, at the relevant Time of Delivery), did not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Notwithstanding the foregoing, this representation and warranty shall not apply to statements in or omissions from the Registration Statement, any Rule 462(b) Registration Statement or the ADR Registration Statement made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through the Representative expressly for use in any such Registration Statement.

(ii) *Independent Accountants*. PricewaterhouseCoopers, who certified the financial statements and supporting schedules incorporated by reference in the Registration Statement, are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(iii) *Financial Statements*. The financial statements incorporated by reference in the Registration Statement and the Prospectus, together with the related schedules and notes, present fairly in all material respects the financial position of the Company and its consolidated Subsidiaries (as defined in Section 1(a)(vi) below) at the dates indicated and the statement of operations, shareholders’ equity and cash flows of the Company and its consolidated Subsidiaries for the periods specified; said financial statements have been prepared in conformity with accounting principals generally accepted in the United States (“US GAAP”)

applied on a consistent basis throughout the periods involved. The financial information included in the Prospectus under the caption “Recent Developments”) present fairly in all material respects the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included incorporated by reference in the Registration Statement.

(iv) *No Material Adverse Change in Business.* Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and the Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a “Material Adverse Effect”), (B) there have been no transactions entered into by the Company or any of the Subsidiaries, other than those in the ordinary course of business, that are material with respect to the Company and the Subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(v) *Organization of the Company.* The Company has been duly organized and is validly existing under the laws of the Cayman Islands, and has the legal right, power and authority (corporate and other) to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement and the Deposit Agreement (together, the “Principal Agreements”), and is duly qualified to transact business in any jurisdiction in which it owns or leases any properties or conducts any business except where the failure to so qualify would not result in a Material Adverse Effect. The Memorandum of Association and Articles of Association of the Company (the “Articles of Association”) comply with the requirements of Cayman Islands law and are in full force and effect.

(vi) *Organization of Subsidiaries.* Each of Ctrip.com (Hong Kong) Limited (“Ctrip.com Hong Kong”), Ctrip Computer Technology (Shanghai) Co., Ltd. (“Ctrip Computer Technology”) and Ctrip Travel Information Technology (Shanghai) Co., Ltd. (“Ctrip Travel Information”), which constitute all subsidiaries of the Company within the meaning of Rule 1-02 of Regulation S-X under the 1933 Act (together with the VIEs (as defined below in Section 1(a)(vii)), the “Subsidiaries”) has been duly organized and is validly existing under the laws of the jurisdiction of its incorporation or formation, and has legal right, power and authority to own, lease and operate its properties, if any, and to conduct its business as described in the Prospectus and is duly qualified to transact business in any jurisdiction in which it owns or leases any properties or conducts any business except where the failure to so qualify would not result in a Material Adverse Effect; except as otherwise disclosed in the Registration Statement and contained in the documents incorporated or deemed to be incorporated by reference, all of the issued and outstanding capital stock or equity interest of each such Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company (except for the VIEs), directly or through Subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; and none of the outstanding shares of capital stock or equity interest of any Subsidiary was issued in violation of the preemptive or similar rights of any securityholder of such Subsidiary.

(vii) *Organization of VIEs.* Except as otherwise disclosed in the Registration Statement, all of the issued and outstanding capital stock or equity interest of each of Shanghai Ctrip Commerce Co., Ltd., Shanghai Huacheng Southwest Travel Agency Co., Ltd., Beijing Chenhao Xinye Air-Ticketing Co., Ltd., Guangzhou Guangcheng Commercial Service Co., Ltd., Shanghai Ctrip Charming International Travel Agency Co., Ltd. and Shenzhen Shencheng Information Consulting Service Co., Ltd. (the “VIEs”) (which constitute all entities, excluding Subsidiaries, that are consolidated in the Company’s financial statements included incorporated by reference in the Registration Statement and the Prospectus) has been duly authorized and validly issued, and is owned by Min Fan, Qi Ji or Alex Nanyan Zheng, as the case may be, in the amount set forth in Item 7 of the Company’s Form 20-F for the year ended December 31, 2003 (the “Form 20-F”), directly, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity other than as set forth in the Form 20-F.

(viii) *Capitalization*. The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectus under the caption “Capitalization” (except for subsequent issuances, if any, pursuant to this Agreement or pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus and except for the conversion of all of the Company’s preferred shares immediately prior to the Closing Time). The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any securityholder of the Company. Except as otherwise disclosed in the Prospectus, there are no outstanding securities convertible into or exchangeable for, or warrants or rights to purchase from the Company Ordinary Shares or any other shares of capital stock of the Company or any of the Subsidiaries nor are there any obligations of the Company to allot, issue or transfer, the Securities.

(ix) *Authorization of this Agreement*. This Agreement has been duly authorized, executed and delivered by the Company.

(x) *Authorization of Deposit Agreement*. The Deposit Agreement has been duly authorized, executed and delivered by the Company and, assuming due authorization, execution and delivery by the Depositary, constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors’ rights generally and to general equity principles.

(xi) *Validity of ADRs*. Upon the due issuance by the Depositary of ADRs evidencing the ADSs against the deposit of the Ordinary Shares in accordance with the provisions of the Deposit Agreement, such ADRs will be duly and validly issued under the Deposit Agreement and persons in whose names such ADRs are registered will be entitled to the rights of registered holders of ADRs evidencing the ADSs specified therein and in the Deposit Agreement.

(xii) *No Limitation on Vote, Transfer and Payment of Dividends*. Except as set forth in the Amended and Restated Articles of Association of the Company (the “Articles of Association”), the Deposit Agreement or the Prospectus, there are no limitations on the rights of holders of Ordinary Shares, ADSs or ADRs evidencing the ADSs to hold or vote or transfer their respective securities, and no approvals are currently required in the Cayman Islands in order for the Company to pay dividends declared by the Company to the holders of Ordinary Shares, including the Depositary and, except as disclosed in the Prospectus, no such dividends or other distributions will be subject to withholding or other taxes under the laws and regulations of the Cayman Islands and may be so paid without the necessity of obtaining any Governmental License (as defined in Section 1(a)(xxii)) in the Cayman Islands.

(xiii) *Description of Securities*. The Ordinary Shares, the ADRs and the ADSs shall carry the rights and obligations described in the Form 20-F and the Prospectus, including statements under the caption “Description of American Depositary Shares,” and such descriptions conform in all material respects to the rights set forth in the instruments defining the same; except as disclosed in the Prospectus or the Registration Statement, no holder of the Securities is or will be subject to personal liability by reason of being such a holder.

(xiv) *Arrangements with Directors, Executive Officers and Affiliates*. Except as disclosed in the Prospectus, no material indebtedness (actual or contingent) and no material contract or arrangement is outstanding between the Company and any director or executive officer of the Company or any person connected with such director or executive officer (including his/her spouse, infant children, any company or undertaking in which he/she holds a controlling interest). There are no relationships or transactions between the Company on the one hand and its affiliates, officers and directors or their shareholders, customers or suppliers on the other hand which, although required to be disclosed, are not disclosed in the Form 20-F or the Prospectus.

(xv) *Absence of Labor Dispute*. No labor dispute with the employees of the Company or any Subsidiary exists or, to the knowledge of the Company, is imminent.

(xvi) *Absence of Further Requirements for the Offering.* No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency or any stock exchange authority is necessary or required for the performance by the Company or any of the Subsidiaries of its or their obligations under any of the Principal Agreements in connection with the offering or sale of the Securities under the Principal Agreements or the consummation of the transactions contemplated by any of the Principal Agreements, except such as have been already filed, obtained or as may be required under the 1933 Act or the 1933 Act Regulations and United States federal and state, local or other securities or blue sky laws.

(xvii) *Absence of Proceedings.* There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any Subsidiary, that is required to be disclosed in the Registration Statement (other than as disclosed therein), or that might reasonably be expected to result in a Material Adverse Effect, or that might reasonably be expected to materially and adversely affect the properties or assets thereof or the consummation of the transactions contemplated in this Agreement and the Deposit Agreement or the performance by the Company of its obligations hereunder or thereunder; the aggregate of all pending legal or governmental proceedings to which the Company or any Subsidiary is a party or of which any of their respective property or assets is the subject which are not described in the Registration Statement, including ordinary routine litigation incidental to the business, could not reasonably be expected to result in a Material Adverse Effect.

(xviii) *Absence of Defaults and Conflicts.* Neither the Company nor any of the Subsidiaries is in violation of its respective charter or by-laws or other constituent or organizational documents or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any Subsidiary is subject (collectively, "Agreements and Instruments") except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of each of the Principal Agreements and the consummation of the transactions contemplated in each of the Principal Agreements and the Registration Statement (including the sale of the Securities), and compliance by the Company or any Subsidiary with its or their obligations under each of the Principal Agreements have been duly authorized by all necessary corporate action and received all approvals from any governmental or regulatory body and the sanction or consent of its shareholders and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any Subsidiary pursuant to, the Agreements and Instruments (except for such conflicts, breaches or defaults or liens, charges or encumbrances that would not result in a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter or by-laws or other constituent or organizational documents or business license or other organizational document of the Company or any Subsidiary or any applicable treaty, law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any Subsidiary or any of their assets, properties or operations. As used herein, a "Repayment Event" means any event or condition that gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any Subsidiary.

(xix) *Accuracy of Exhibits.* There are no contracts or documents that are required to be described in the Registration Statement, the Prospectus or the documents incorporated by reference therein or to be filed as exhibits thereto that have not been so described and filed as required.

(xx) *Possession of Intellectual Property.* The Company and the Subsidiaries own or possess or otherwise have the legal right to use, or can acquire on reasonable terms, adequate licenses, copyrights, know-how (including trade secrets and other proprietary or confidential information, systems or

procedures), trademarks, service marks, trade names (including the “Ctrip” and “Ctrip.com” names and logos) or other intellectual property (collectively, “Intellectual Property”) necessary to carry on the business now operated by them, and neither the Company nor any of the Subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property which infringement or conflict (if the subject of an unfavorable decision, ruling or finding) would result in a Material Adverse Effect or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of the Subsidiaries therein.

(xxi) *Dividends*. The Subsidiaries are not currently prohibited, directly or indirectly, from paying any dividends or other distributions to the Company or Ctrip.com Hong Kong, as applicable, from making any other distribution on the Subsidiaries’ equity interest, or from transferring any of the Subsidiaries’ property or assets to the Company or Ctrip.com Hong Kong, as applicable, except as described in or contemplated by the Prospectus; all dividends and other distributions declared and payable upon the equity interests in Ctrip Computer Technology and Ctrip Travel Information to Ctrip.com Hong Kong may be converted into foreign currency that may be freely transferred out of the PRC, and all such dividends and other distributions are not and, except as disclosed in the Registration Statements and the Prospectus, will not be subject to withholding or other taxes under the current laws and regulations of the People’s Republic of China (the “PRC”) and, except as disclosed in the Registration Statements and the Prospectus, are otherwise free and clear of any other tax, withholding or deduction in the PRC, in each case without the necessity of obtaining any governmental or regulatory authorization in the PRC, except such as have been obtained;

(xxii) *Possession of Licenses and Permits*. The Company and the Subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, “Governmental Licenses”) issued by, and have made all declarations and filings with, the appropriate national, local or other regulatory agencies or bodies required for the authorization, execution and delivery by the Company or the relevant Subsidiary, as the case may be, of any of the Principal Agreements or necessary to conduct the business now operated by them, with such exceptions as would not have a Material Adverse Effect; the Company and the Subsidiaries are in compliance in all material respects with the terms and conditions of all such Governmental Licenses; all of the Governmental Licenses are valid and in full force and effect; none of the Governmental Licenses contains any materially burdensome restrictions or conditions not described in the Prospectus; and neither the Company nor any of the Subsidiaries has received any notice of proceedings relating to the revocation or modification (and which modification would reasonably be expected to have a Material Adverse Effect) of any such Governmental Licenses or has any reason to believe that any such Governmental License will be revoked, modified (and which modification would reasonably be expected to have a Material Adverse Effect) or suspended.

(xxiii) *Title to Property*. The Company and the Subsidiaries have good and marketable title to all real property owned by the Company and the Subsidiaries and good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are described in the Prospectus or (b) do not, singly or in the aggregate, materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any of the Subsidiaries; and all of the leases and subleases material to the business of the Company and the Subsidiaries, considered as one enterprise, and under which the Company or any of the Subsidiaries holds properties described in the Prospectus, are in full force and effect, and neither the Company nor any Subsidiary has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any Subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such Subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease.

(xxiv) *Compliance with Cuba Act*. The Company has complied with, and is and will be in compliance with, the provisions of that certain Florida act relating to disclosure of doing business with Cuba, codified as Section 517.075 of the Florida statutes, and the rules and regulations thereunder (collectively, the “Cuba Act”) or is exempt therefrom.

(xxv) *Investment Company Act*. The Company is not, and upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Prospectus will not be, an “investment company” as such term is defined in the Investment Company Act of 1940, as amended (the “1940 Act”).

(xxvi) *PFIC Status*. Based on the projected composition of the Company’s income and valuation of its assets, including goodwill, the Company does not expect to be a passive foreign investment company, as defined in Section 1296(a) of the United States Internal Revenue Code of 1986, as amended (the “Code”), in 2004 and does not expect to become a passive foreign investment company in the future.

(xxvii) *Registration Rights*. Except as described in the Prospectus, there are no persons with registration rights or other similar rights to have any securities registered pursuant to the Registration Statement or otherwise registered by the Company under the 1933 Act.

(xxviii) *Tax Returns*. The Company and the Subsidiaries have filed all material tax returns required to have been filed by them or have duly requested extensions thereof and all such returns are up to date, correct, and on a proper basis and have paid all material taxes required to be paid by them and any related assessments, charges, levies, fines or penalties, except for any such taxes, assessments, charges, levies, fines or penalties that are being contested in good faith and by appropriate proceedings; and there is no known proposed tax deficiency, assessment, charge, levy, fine or penalty against it as to which a reserve would be required to be established under US GAAP which has not been so reserved or which is required to be disclosed in the Prospectus which has not been so disclosed and so far as the Company is aware, there are no facts or circumstances in existence which would reasonably be expected to give rise to any such deficiency, assessment, charge, levy, fine or penalty.

(xxix) *Accounting Procedures*. Each of the Company and the Subsidiaries (A) makes, keeps and prepares books, records and accounts which fairly reflect transactions and dispositions of its assets and (B) has devised and maintained a system of internal and accounting controls which provide reasonable assurance that (i) transactions are executed in accordance with management’s general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. GAAP and to maintain asset accountability; (iii) accountability of assets is maintained, including regular reconciliations with existing assets and taking of appropriate action with respect to any differences; (iv) access to its assets is permitted only in accordance with management’s general or specific authorizations; and (v) financial reports are prepared on a timely basis based on the transactions recorded pursuant to clause (ii) above under US GAAP. These reports provide the basis for the preparation of the Company’s consolidated financial statements under US GAAP and have been maintained in compliance with applicable laws.

(xxx) *MD&A Description*. The section entitled “Operating and Financial Review and Prospects” in the Form 20-F accurately and fully describes (A) accounting policies that the Company believes are the most important in the portrayal of the Company’s financial condition and results of operations and that require management’s most difficult, subjective or complex judgments (“critical accounting policies”); (B) judgments and uncertainties affecting the application of critical accounting policies; and (C) the likelihood that materially different amounts would be reported under different conditions or using different assumptions and an explanation thereof.

(xxxi) *Management Review*. The Company’s management have reviewed and agreed with the selection, application and disclosure of critical accounting policies and have consulted with its legal advisers and independent accountants with regards to such disclosure.

(xxxii) *Liquidity and Capital Resources*. (A) The section entitled Operating and Financial Review and Prospects—Liquidity and Capital Resources” in the Form 20-F accurately and fully describes all material trends, demands, commitments, events, uncertainties and risks, and the potential effects thereof, that the Company believes would materially affect liquidity and are reasonably likely to occur, and (B) neither the Company nor any Subsidiary is engaged in any transactions with, or have any obligations to, its

unconsolidated entities (if any) that are contractually limited to narrow activities that facilitate the transfer of or access to assets by the Company or such Subsidiary, including, without limitation, structured finance entities and special purpose entities, or otherwise engage in, or have any obligations under, any off-balance sheet transactions or arrangements. As used herein in this Section 1(a)(xxxii), the phrase “reasonably likely” refers to a disclosure threshold lower than “more likely than not.”

(xxxiii) *Certain Trading Activities*. Except as set forth in the Prospectus, the Company is not engaged in any trading activities involving commodity contracts or other trading contracts that are not currently traded on a securities or commodities exchange and for which the market value cannot be determined.

(xxxiv) *Stamp Duty; Transfer Tax*. Except as disclosed in the Prospectus, under the laws and regulations of the Cayman Islands, no transaction, stamp, capital or other issuance, registration or transfer taxes or duties are payable in the Cayman Islands by or on behalf of the Underwriters to any Cayman Islands taxing authority in connection with (A) the sale and delivery by the Selling Shareholders to or for the account of the Underwriters of the Securities or (B) the initial sale and delivery by the Underwriters of the Securities to purchasers thereof, (C) the holding or transfer of the Securities outside the Cayman Islands, (D) the deposit of the Ordinary Shares with the Custodian and the issuance and delivery of the ADRs, or (E) the execution and delivery of any Principal Agreement.

(xxxv) *Accuracy of Information*. There are no legal or governmental proceedings, statutes, contracts or documents that are required to be described in the Registration Statement or the Prospectus which have not been so described. The description in the Registration Statement and the Prospectus of statutes, legal and governmental proceedings and contracts and other documents is accurate and presents the information required to be shown in all material respects. The Prospectus will contain, when issued, all information and particulars required to comply with all statutory and other provisions (including, without limitation, the relevant laws and regulations of Cayman Islands and the PRC) so far as applicable the Prospectus, which is or might reasonably be considered to be material for disclosure to a potential subscriber, investor, underwriter or sub-underwriter of the Securities or for the purpose of making an informed assessment of the assets and liabilities, financial position, and profits and losses of the Company and the Subsidiaries including, but without prejudice to the generality of the foregoing, any special trade factors or risks known to the Company and the Subsidiaries or any of their directors and/or executive officers and which would reasonably be expected to have a Material Adverse Effect. All material information which ought to have been supplied or disclosed by the Company and its directors and/or executive officers to the Underwriters, the Representative, PricewaterhouseCoopers or the legal or other professional advisers to the Underwriters or the Company for the purposes of or in the course of preparation of the Prospectus or the Registration Statement has been supplied or disclosed by the Company and its directors and executive officers and nothing has occurred since the date the same was supplied or disclosed which requires the same to be amended or updated in any material respect.

(xxxvi) *Insurance*. The business, undertakings, properties and assets of Ctrip Computer Technology are adequately insured against all such risks as are normally insured by persons carrying on similar businesses in Shanghai, China as those carried on by Ctrip Computer Technology, and such insurances include all the insurances which Ctrip Computer Technology is required under terms of any lease or any contract in respect of any of its properties to undertake and such insurances are in full force and effect and, so far as the Company is aware, there are no circumstances which would reasonably be expected to render any of such insurances void or voidable and there is no material insurance claim made by or against Ctrip Computer Technology, pending, threatened or outstanding and so far as the Company is aware, no facts or circumstances exist which would reasonably be expected to give rise to any such claim and all due premiums in respect thereof have (if due) been paid.

(xxxvii) *Choice of Law; Consent to Jurisdiction; Appointment of Agent for Service of Process*. The choice of the laws of the State of New York as the governing law of this Agreement is a valid choice of law under the laws of the Cayman Islands and will be honored by courts in the Cayman Islands. The Company has the power to submit, and pursuant to Section 13 of this Agreement, has legally, validly, effectively and

irrevocably submitted, to the personal jurisdiction of each United States federal court and New York state court located in the Borough of Manhattan, in The City of New York, New York, U.S.A. (each, a “New York Court”), and the Company has the power to designate, appoint and empower, and pursuant to Section 13 of this Agreement, has legally, validly, effectively and irrevocably designated, appointed and empowered, the Authorized Agent (as defined in Section 13 hereof) for service of process in any action arising out of or relating to this Agreement or the Securities in any New York Court, and service of process effected on such Authorized Agent will be effective to confer valid personal jurisdiction over the Company as provided in Section 13 hereof.

(xxxviii) *Waiver of Immunity*. Neither the Company, any of the Subsidiaries nor any of its or their properties, assets or revenues has any right of immunity under Cayman Islands or New York law, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from set-off or counterclaim, from the jurisdiction of any Cayman Islands, New York or U.S. federal court, from service of process, attachment upon or prior to judgment, or attachment in aid of execution of judgment, or from execution of a judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of a judgment, in any such court, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement; and, to the extent that the Company, any of the Subsidiaries or any of its or their properties, assets or revenues may have or may hereafter become entitled to any such right of immunity in any such court in which proceedings may at any time be commenced, each of the Company and the Subsidiaries waives or will waive such right to the extent permitted by law and has consented to such relief and enforcement as provided in Section 12 of this Agreement.

(xxxix) *Enforceability of New York Judgment*. Any final judgment for a fixed or readily calculable sum of money rendered by a New York Court having jurisdiction under its own domestic laws in respect of any suit, action or proceeding against the Company based upon this Agreement and the Deposit Agreement would be declared enforceable against the Company by Cayman Islands courts without re-examining the merits of the case under the common law doctrine of obligation; provided that (i) adequate service of process has been effected and the defendant has had a reasonable opportunity to be heard, (ii) such judgments or the enforcement thereof are not contrary to the law, public policy, security or sovereignty of the Cayman Islands, (iii) such judgments were not obtained by fraudulent means and do not conflict with any other valid judgment in the same matter between the same parties, and (iv) an action between the same parties in the same matter is not pending in any Cayman Islands court at the time the lawsuit is instituted in the foreign court.

(xl) *Stabilization and Manipulation*. Neither the Company or any of its affiliates has taken, directly or indirectly, any action that is designed to or that constitutes or that might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company.

(xli) *Foreign Corrupt Practices*. Neither the Company nor, to the Company’s knowledge, any director, officer, agent, employee or other person associated with or acting on behalf of the Company is using any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses; is making any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; or is in violation of any provision of the United States Foreign Corrupt Practices Act of 1977; or is making any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(xlii) *No Change in Structuring or Structuring Documents*. Except as described in the Prospectus, since December 12, 2003, there has been no change in the Structuring or Structuring Documents, each as defined in the U.S. Underwriting Agreement, dated as of December 8, 2003, among the Company, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as U.S. Representative of the several U.S. underwriters named thereon, and the selling shareholders named therein.

(b) *Representations and Warranties by the Selling Shareholders*. Each Selling Shareholder severally but not jointly represents and warrants to each Underwriter as of the date hereof, as of the Closing Time, and, if the

Selling Shareholder is selling Option Securities on a Date of Delivery, as of each such Date of Delivery, and agrees with each Underwriter, as follows:

(i) *Accurate Disclosure.* Such Selling Shareholder has reviewed and is familiar with the Registration Statement and the Prospectus and neither the Prospectus nor any amendments or supplements thereto includes any untrue statement of a material fact relating to such Selling Shareholder or omits to state a material fact relating to such Selling Shareholder necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(ii) *Authorization of Agreements.* Such Selling Shareholder has the full right, power and authority to enter into this Agreement and a Power of Attorney and Custody Agreement (the “Power of Attorney and Custody Agreement”) and to sell, transfer and deliver the Securities to be sold by such Selling Shareholder hereunder. The execution and delivery of this Agreement and the Power of Attorney and Custody Agreement and the sale and delivery of the Securities to be sold by such Selling Shareholder and the consummation of the transactions contemplated herein and compliance by such Selling Shareholder with its obligations hereunder have been duly authorized by the Selling Shareholder and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default under, or result in the creation or imposition of any tax, lien, charge or encumbrance upon the Securities to be sold by such Selling Shareholder or any property or assets of such Selling Shareholder pursuant to any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, license, lease or other agreement or instrument to which such Selling Shareholder is a party or by which such Selling Shareholder may be bound, or to which any of the property or assets of the Selling Shareholder is subject, nor will such action result in any violation of the provisions of the charter or by-laws or other organizational instrument of the Selling Shareholder, if applicable, or any applicable treaty, law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Selling Shareholder or any of its properties.

(iii) *Good and Marketable Title.* Such Selling Shareholder has and will at the Closing Time and, if any Option Securities are purchased, on the Date of Delivery have good and marketable title to the Securities to be sold by such Selling Shareholder hereunder, free and clear of any security interest, mortgage, pledge, lien, charge, claim, equity or encumbrance of any kind, other than pursuant to this Agreement; and upon delivery of such Securities and payment of the purchase price therefor as herein contemplated, assuming each such Underwriter has no notice of any adverse claim, each of the Underwriters will receive good and marketable title to the Securities purchased by it from such Selling Shareholder, free and clear of any security interest, mortgage, pledge, lien, charge, claim, equity or encumbrance of any kind.

(iv) *Absence of Defaults and Conflicts.* The execution, delivery and performance of each of the Principal Agreements to which such Selling Shareholder is a party and the consummation of the transactions contemplated in each of the Principal Agreements, the Registration Statement have been duly authorized by all necessary corporate action by such Selling Shareholder, to the extent applicable, and received all approvals from any governmental or regulatory body and the sanction or consent of its shareholders, to the extent applicable, and do not and will not, whether with or without the giving of notice or passage of time or both, result in any violation of the provisions of its charter or by-laws or business license or other organizational document of such Selling Shareholder, to the extent applicable, or any applicable treaty, law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over such Selling Shareholder or any of its assets, properties or operations.

(v) *Due Execution of Power of Attorney and Custody Agreement.* Such Selling Shareholder has duly executed and delivered, in the form heretofore furnished to the Representative, the Power of Attorney and Custody Agreement with James Liang and Neil Shen as attorneys-in-fact (the “Attorneys-in-Fact”) and as custodian (the “Custodian”); the Custodian is authorized to deliver the Securities to be sold by such Selling Shareholder hereunder and to accept payment therefor; and the Attorneys-in-Fact are authorized to execute and deliver this Agreement and the certificate referred to in Section 5(j) or that may be required pursuant to

Section(s) 5(o) and 5(p) on behalf of such Selling Shareholder, to sell, assign and transfer to the Underwriters the Securities to be sold by such Selling Shareholder hereunder, to determine the purchase price to be paid by the Underwriters to such Selling Shareholder, as provided in Section 2(a) hereof, to authorize the delivery of the Securities to be sold by such Selling Shareholder hereunder, to accept payment therefor, and otherwise to act on behalf of such Selling Shareholder in connection with this Agreement.

(vi) *Absence of Manipulation*. Such Selling Shareholder has not taken, and will not take, directly or indirectly, any action that is designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(vii) *Absence of Further Requirements*. No filing with, or consent, approval, authorization, order, registration, qualification or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the performance by such Selling Shareholder of its obligations hereunder or in the Power of Attorney and Custody Agreement, or in connection with the sale and delivery of the Securities hereunder or the consummation of the transactions contemplated by this Agreement, except such as may have previously been made or obtained or as may be required under the 1933 Act or the 1933 Act Regulations or state securities laws.

(viii) *Certificates Suitable for Transfer*. Certificates for all of the Securities to be sold by such Selling Shareholder pursuant to this Agreement, in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank with signatures guaranteed, have been placed in custody with the Custodian with irrevocable conditional instructions to deliver such Securities to the Underwriters pursuant to this Agreement.

(ix) *No Association with NASD*. Except as disclosed in the Registration Statement, neither such Selling Shareholder nor any of his, her or its affiliates directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, or has any other association with (within the meaning of Article I, Section 1(dd) of the By-laws of the National Association of Securities Dealers, Inc.), any member firm of the National Association of Securities Dealers, Inc.

(c) *Officer's Certificates*. Any certificate signed by any officer of the Company delivered to the Representative or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to the Underwriters as to the matters covered thereby; and any certificate signed by or on behalf of a Selling Shareholder as such and delivered to the Representative or to counsel for the Underwriters shall be deemed a representation and warranty by such Selling Shareholder to the Underwriters as to the matters covered thereby.

SECTION 2. *Sale and Delivery to the Underwriters; Closing.*

(a) *Initial Securities*. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, each Selling Shareholder, severally and not jointly, agree to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from each Selling Shareholder, at the price per ADS set forth in Schedule C, that proportion of the number of Initial Securities set forth in Schedule B opposite the name of each Selling Shareholder, which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof, bears to the total number of Initial Securities, subject, in each case, to such adjustments among the Underwriters as the Representative in its sole discretion shall make to eliminate any sales or purchases of fractional securities.

(b) *Option Securities*. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, certain Selling Shareholders, acting severally and not jointly, hereby grant an option to the Underwriters, severally and not jointly, to purchase up to an additional 250,000 ADSs at the same price per ADS set forth in Schedule C less an amount per Ordinary Share represented by such ADSs equal to any dividends or distributions declared by the Company and payable on the Initial Securities but

not payable on the Option Securities. The option hereby granted will expire 30 calendar days after the date of the Prospectus and may be exercised from time to time only for the purpose of covering over-allotments by written notice from the Representative to the Company, and setting forth the aggregate number of Option Securities to be purchased and the date on which such Option Securities are to be delivered, as determined by the Representative but in no event earlier than the Closing Time or, unless the Representative and the Company otherwise agree in writing, not earlier than two or later than ten business days after the date of such notice. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, subject in each case to such adjustments among the Underwriters as the Representative in its sole discretion shall make to eliminate any sales or purchases of fractional shares.

(c) *Denominations; Registration; Delivery of ADRs.* ADRs evidencing the Securities purchased by the Underwriters hereunder shall be delivered by the Company to the Representative through the facilities of The Depository Trust Company, New York, New York (“DTC”), for the respective accounts of the Underwriters, against payment for the Securities by or on behalf of such Underwriters to the Selling Shareholders of the purchase price therefor by wire transfer through the Federal Wire System in New York in U.S. dollars in immediately available funds to an account designated by the Custodian pursuant to each Selling Shareholder’s Power of Attorney and Custody Agreement.

(d) *Time and Date of Deliveries and Payments.* The time and date of delivery of and payment for the Initial Securities shall be 9:30 a.m., New York City time on , 2004 (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as the Representative and the Company may agree upon in writing (such time and date of payment and delivery being herein called the “Closing Time”). The time and date of delivery and payment with respect to the Option Securities shall be 9:30 a.m., New York City time on the date specified by the Representative in a written notice given by the Representative of an election by the Underwriters’ to purchase such Option Securities, or such other time and date as the Representative and the Company may agree upon in writing. Any such time and date for delivery of and payment for the Option Securities, if not the Closing Time, is herein called a “Time of Delivery”.

The documents to be delivered at the Closing Time by or on behalf of the parties hereto pursuant to Section 5 hereof, including any additional documents reasonably requested by the Underwriters pursuant to Section 5(p) hereof, will be delivered at the offices of Simpson Thacher & Bartlett LLP, 7th Floor, Asia Pacific Finance Tower, Three Garden Road, Central, Hong Kong at 8:00 a.m., Hong Kong time, on the day of the Closing Time.

SECTION 3. *Covenants of the Company.* The Company covenants with each Underwriter as follows:

(a) *Compliance with Securities Regulations and Commission Requests.* The Company, subject to Section 3(b), will comply with the requirements of Rule 430A or Rule 434, as applicable, and will notify the Representative immediately, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement or to the ADR Registration Statement shall become effective, or any supplement to the Prospectus or any amended Prospectus shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or to the ADR Registration Statement or any amendment or supplement to the Prospectus or for additional information, and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the ADR Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes of which the Company is aware. The Company will promptly effect the filings necessary pursuant to Rule 424(b) and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will use its best efforts to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) *Filing of Amendments.* The Company will give the Representative notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b)) or to the ADR Registration Statement, any Term Sheet or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectus, whether pursuant to the 1933 Act, the 1934 Act or otherwise, will furnish the Representative with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which the Representative or counsel for the Underwriters shall object.

(c) *Delivery of Registration Statements.* The Company has furnished or will deliver to the Representative and counsel for the Underwriters, without charge, signed copies of the Registration Statement and the ADR Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein and documents incorporated or deemed to be incorporated by reference therein) and signed copies of all consents and certificates of experts, and will also deliver to the Representative, without charge, a conformed copy of the Registration Statement and the ADR Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters.

(d) *Delivery of Prospectus.* The Company has delivered to each Underwriter, without charge, as many copies of each preliminary prospectus as each Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, such number of copies of the Prospectus (as amended or supplemented) as each Underwriter may reasonably request.

(e) *Continued Compliance with Securities Laws.* The Company will comply with the 1933 Act and the 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations, the rules and regulations of the NASD and the NASDAQ so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and the other Principal Agreements and in the Prospectus. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to amend the Registration Statement, the ADR Registration Statement or amend or supplement the Prospectus in order that the Prospectus will not include any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances, existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of such counsel, at any such time to amend the Registration Statement, the ADR Registration Statement or amend or supplement any Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, or the 1934 Act or the 1934 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement, the ADR Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request.

(f) *Blue Sky Qualifications.* The Company will use its best efforts, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions of the United States as the Representative may reasonably designate and to maintain such qualifications in effect for as long as may be necessary to complete the distribution of the Securities, which period shall in no event extend for more than one year from the later of the effective date of the U.S. Registration Statement and any Rule 462(b) Registration Statement; *provided, however,* that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Securities have been so qualified, the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification in effect for as long as may be necessary to complete the distribution of

the Securities, which period shall in no event extend for more than one year from the effective date of the U.S. Registration Statement and any Rule 462(b) Registration Statement.

(g) *Rule 158.* The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(h) *Listing.* The Company will use its best efforts and maintain the quotation of the ADSs on the NASDAQ and will file with the NASDAQ all documents and notices required by the NASDAQ of companies that are traded on the NASDAQ and quotations for which are reported by the NASDAQ.

(i) *Restriction on Sale of Securities.* During a period of ninety days from the date of this Agreement, the Company shall not, without the prior written consent of Merrill Lynch, (i) directly or indirectly, dispose of (including without limitation, issue, agree to issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly), any Ordinary Shares or ADSs or any security that constitutes the right to receive Ordinary Shares or ADSs or any securities convertible into or exercisable or exchangeable for or repayable with Ordinary Shares or ADSs or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap agreement or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of the Ordinary Shares or ADSs, whether any such swap agreement or other agreement or transaction described in clause (i) or (ii) above is to be settled by delivery of Ordinary Shares or ADSs or such other securities, in cash or otherwise. The foregoing shall not apply to (A) the Ordinary Shares or ADSs to be sold hereunder, (B) any issuance of Ordinary Shares or ADSs by the Company upon exercise of any options to purchase Ordinary Shares granted pursuant to a duly adopted stock option plan of the Company, *provided* that such options shall not be exercisable during such ninety-day period, and (C) transactions by the Company with the prior written consent of the Representative, which consent shall not be unreasonably withheld.

(j) *Other Documents.* The Company will furnish to the Depositary and to holders of ADRs, directly or through the Depositary, such reports, documents and other information described in the Prospectus under the caption “Description of American Depositary Shares” in accordance with the procedures stated thereunder.

(k) *Reporting Requirements.* The Company, during the period when any Prospectus is required to be delivered under the 1933 Act or the 1934 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and the 1934 Act Regulations.

(l) *Submission of Documents.* The Company agrees to file with the NASD, the NASDAQ, the Commission and any other governmental or regulatory agency, authority or instrumentality in the Cayman Islands, the United States, the People’s Republic of China and Hong Kong, as may be required, such reports, documents, agreements and other information which the Company may from time to time be required to file, including those relating to the implementation and payment of dividends or other distributions on the Securities.

(m) *Investment Company Act.* The Company will not be or become, within one year of the Closing Time, an “investment company” as defined in the 1940 Act.

(n) *Stabilization and Manipulation.* The Company agrees, until such time as the Representative shall notify the Company of the completion of the distribution of the ADSs being offered in the United States, not to (and to use its best efforts to cause its affiliates not to) take, directly or indirectly, any action that is designed to or that constitutes or that might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company.

(o) *Deposit of Ordinary Shares.* Prior to the Closing Time and each Time of Delivery, the Company will deposit or cause to be deposited Ordinary Shares with the Depositary in accordance with the provisions of the

Deposit Agreement so that the ADRs evidencing the ADSs to be delivered by such party to the Underwriters at such Closing Time or Time of Delivery are executed, countersigned and issued by the Depositary against receipt of such Ordinary Shares and delivered to the Underwriters at such Closing Time or Time of Delivery.

(p) *Annual Reports*. The Company agrees to furnish to its shareholders as soon as practicable after the end of each of the two fiscal years after the date hereof an annual report in English, including a review of operations and audited consolidated financial statements and a report thereon prepared by the Company's independent accountants in accordance with US GAAP of net income (loss), shareholders' equity and, as necessary, other selected balance sheet and statement of operations items in such financial statements.

(q) *Liabilities and Agreements Prior to the Closing Time*. The Company agrees that except as disclosed in the Prospectus and except for those which are not material to the Company, prior to the Closing Time, it will not incur any liabilities or enter into any material agreements (except in the ordinary course of its business) without the prior written consent of the Representative.

(r) *Cayman Islands Matters*. The Company agrees that (A) it will not attempt to avoid any judgment obtained by it or denied to it in a court of competent jurisdiction outside the Cayman Islands; (B) following the consummation of the Offering, it will use its best efforts to obtain and maintain all approvals required in the Cayman Islands to pay and remit outside the Cayman Islands all dividends declared by the Company and payable on the Ordinary Shares; and (C) it will use its best efforts to obtain and maintain all approvals required in the Cayman Islands for the Company to acquire sufficient foreign exchange for the payment of dividends and all other relevant purposes.

(s) *Deposit Agreement*. The Company agrees to abide by the covenants set forth in the Deposit Agreement.

SECTION 4. *Payment of Expenses*.

(a) *Expenses*. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and of each amendment thereto, (ii) the preparation, issuance and delivery of the certificates for the Securities to the Underwriters, including any stock or other transfer taxes and any stamp or other duties payable upon the sale or delivery of the Securities to the Underwriters, (iii) the delivery of the Ordinary Shares represented by the ADSs to the Depositary, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors and the fees and disbursements of one counsel for the Selling Shareholders, (v) the qualification of the Securities under securities laws in accordance with the provisions of Section 3(f) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of the Blue Sky Survey and any supplement thereto, subject to a maximum amount of US\$10,000, (vi) the printing and delivery to the Underwriters of copies of the Registration Statement as originally filed with the Commission and of each amendment thereto, each preliminary prospectus, any Term Sheets and of the Prospectus and any amendments or supplements thereto, (vii) the fees and expenses of the Depositary, any transfer agent or registrar, and each custodian, if any, for the Securities, (viii) the fees and expenses of the Company incurred in connection with the roadshow, (ix) the fees and expenses incurred in connection with the quotation of the ADSs on NASDAQ, (x) the filing fees incident to the review by the NASD of the terms of the sale of the Securities and (xi) the filing, registration and clearance with the NASD in connection with the offering of the Securities.

(b) *Expenses of the Selling Shareholders*. The Selling Shareholders, severally and not jointly, will pay all expenses incident to the performance of their respective obligations under, and the consummation of the transactions contemplated by this Agreement, including (i) any stamp duties, capital duties and stock transfer taxes, if any, payable upon the sale of the Securities to the Underwriters, and (ii) the fees and disbursements of their respective counsel.

(c) *Termination of Agreement.* If this Agreement is terminated by the Representative in accordance with the provisions of Section 5 or Section 9(a)(i) hereof, the Company shall reimburse the Underwriters for all out-of-pocket accountable expenses actually incurred, including the reasonable fees and disbursements of counsel for the Underwriters.

SECTION 5. *Conditions of the Underwriters' Obligations.* The obligations of the several Underwriters hereunder, as to the ADSs to be delivered at the Closing Time and each Time of Delivery, are subject to the accuracy of the representations and warranties of the Company and the Selling Shareholders contained in Section 1 hereof or in certificates of any officer of the Company or on behalf of any Selling Shareholder delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions.

(a) *Effectiveness of Registration Statement.* The Registration Statement, including any Rule 462(b) Registration Statement has become effective and at such Time of Delivery no stop order suspending the effectiveness of the Registration Statement or the ADR Registration Statement shall have been issued under the 1933 Act or the 1934 Act or proceedings therefor initiated or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters. A prospectus containing the Rule 430A Information shall have been filed with the Commission in accordance with Rule 424(b) (or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A) or, if the Company has elected to rely upon Rule 434, a Term Sheet shall have been filed with the Commission in accordance with Rule 424(b).

(b) *Opinion of Cayman Islands Counsel for Company.* At Closing Time, the Representative shall have received the favorable opinion, dated as of such Closing Time, of Maples and Calder Asia, Cayman Islands counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters.

(c) *Opinion of Special United States Counsel for Company.* At Closing Time, the Representative shall have received the favorable opinion, dated as of such Closing Time, of Latham & Watkins LLP, special United States counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such opinion for each of the other Underwriters.

(d) *Opinion of Special PRC Counsel for Company.* At Closing Time, the Representative shall have received the favorable opinion, dated as of such Closing Time, of Commerce & Finance Law Office, special People's Republic of China counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters.

(e) *Opinions of Counsels for certain Selling Shareholders.* At Closing Time, the Representative shall have received the favorable opinions, dated as of such Closing Time, of counsels for the Selling Shareholders whose names are listed on *Schedule E* hereto, respectively, in form and substance satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters.

(f) *Opinion of United States Counsel for Underwriters.* At Closing Time, the Representative shall have received the favorable opinion, dated as of such Closing Time, of Simpson Thacher & Bartlett LLP, United States counsel for the Underwriters, in form and substance satisfactory to the Representative, together with signed or reproduced copies of such letter for each of the other Underwriters.

(g) *Opinion of Counsel for Depositary.* At Closing Time, the Representative shall have received the favorable opinion, dated as of such Closing Time, of Emmet, Marvin & Martin, LLP, counsel for the Depositary,

in form and substance satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters.

(h) *Officers' Certificate*. At Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and the Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Representative shall have received a certificate of the chief executive officer and chief financial officer of the Company, dated as of the Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties in Section 1(a) hereof are true and correct with the same force and effect as though expressly made at and as of such Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions contained herein on its part to be performed or satisfied at or prior to the Closing Time, (iv) no stop order suspending the effectiveness of the Registration Statement or the ADR Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or are contemplated by the Commission and (v) as to such matters as the Representative may reasonably request.

(i) *Certificate of Selling Shareholders*. At Closing Time, the Representative shall have received a certificate of an Attorney-in-Fact on behalf of each Selling Shareholder, dated as of the Closing Time, to the effect that (i) the representations and warranties in Section 1(b) hereof are true and correct with the same force and effect as though expressly made at and as of such Closing Time, and (ii) each Selling Shareholder has complied with all agreements and satisfied all conditions contained herein on its part to be performed or satisfied at or prior to the Closing Time.

(j) *Accountant's Comfort Letter*. At the time of the execution of this Agreement, the Representative shall have received from PricewaterhouseCoopers a letter dated such date, in form and substance satisfactory to the Representative and PricewaterhouseCoopers, together with signed or reproduced copies of such letter for each of the other Underwriters containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(k) *Bring-down Comfort Letter*. At Closing Time, the Representative shall have received from PricewaterhouseCoopers a letter, dated as of such Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (j) of this section, except that the specified date referred to shall be a date not more than five business days prior to such Closing Time.

(l) *No Objection by NASD*. At or prior to Closing Time, the NASD shall have confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(m) *Lock-up Agreement*. At the date of this Agreement, the Representative shall have received a lock-up agreement substantially in the form of Exhibit A hereto duly signed by the persons and entities listed on Schedule D hereto.

(n) *Conditions to Purchase of Option Securities*. In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company and the Selling Shareholders contained herein and the statements in any certificates furnished by the Company, any Subsidiary and the Selling Shareholders hereunder shall be true and correct as of each Time of Delivery and, at the relevant Time of Delivery, the Representative shall have received:

(i) *Officers' Certificate*. A certificate, dated such Time of Delivery, of the chief executive officer or chief financial officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(h) hereof remains true and correct as of such Time of Delivery.

(ii) *Certificate of Selling Shareholders*. A certificate, dated such Time of Delivery, of an Attorney-in-Fact on behalf of each Selling Shareholder confirming that the certificate delivered at the Closing Time pursuant to Section 5(i) hereof remains true and correct as of such Time of Delivery.

(iii) *Opinion of Cayman Islands Counsel for Company*. The favorable opinion of Maples and Calder Asia, Cayman Islands counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, dated such Time of Delivery, relating to the Option Securities to be purchased on such Time of Delivery and otherwise to the same effect as the opinion required by Section 5(b) hereof.

(iv) *Opinion of Special United States Counsel for Company*. The opinion of Latham & Watkins LLP, special United States counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, dated such Time of Delivery, relating to the Option Securities to be purchased on such Time of Delivery and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(v) *Opinion of Special PRC Counsel for Company*. The favorable opinion of Commerce & Finance Law Office, special People's Republic of China counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, dated such Time of Delivery, relating to the Option Securities to be purchased on such Time of Delivery and otherwise to the same effect as the opinion required by Section 5(d) hereof.

(vi) *Opinions of Counsels for certain Selling Shareholders*. The favorable opinions of counsels for the Selling Shareholders whose names are listed on *Schedule E* hereto, respectively, in form and substance satisfactory to counsel for the Underwriters, dated such Time of Delivery, relating to the Option Securities to be purchased on such Time of Delivery and otherwise to the same effect as the opinion required by Section 5(e) hereof.

(vii) *Opinion of United States Counsel for Underwriters*. The favorable opinion of Simpson Thacher & Bartlett LLP, United States counsel for the Underwriters, in form and substance satisfactory to the Underwriters, dated such Time of Delivery, relating to the Option Securities to be purchased on such Time of Delivery and otherwise to the same effect as the opinion required by Section 5(f) hereof.

(viii) *Opinion of Counsel for Depositary*. The favorable opinion of Emmet Marvin & Martin, LLP, counsel for the Depositary, in form and substance satisfactory to counsel for the Underwriters, dated such Time of Delivery, relating to the Option Securities to be purchased on such Time of Delivery and otherwise to the same effect as the opinion required by Section 5(g) hereof.

(ix) *Bring-down Comfort Letter*. A letter from PricewaterhouseCoopers, in form and substance satisfactory to the Representative and PricewaterhouseCoopers and dated such Time of Delivery, substantially in the same form and substance as the letter furnished to the Underwriters pursuant to Section 5(j) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than five business days prior to such Time of Delivery.

(o) *Additional Documents*. At each Time of Delivery, counsel for the Underwriters shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company and the Selling Shareholders in connection with the issuance and sale of the Securities as herein contemplated shall be reasonably satisfactory in form and substance to the Representative and counsel for the Underwriters.

(p) *Termination of Agreement*. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement, the Deposit Agreement, or, in the case of any condition to the purchase of Option Securities at a Time of Delivery which is after the Closing Time, the obligations of the Underwriters to purchase the relevant Option Securities, may be terminated by the Representative by notice to the Company at any time at or prior to the Closing Time or such Time of Delivery, as the case may be, and such

termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7, 8, 12, 13 and 14 shall survive any such termination and remain in full force and effect.

SECTION 6. *Indemnification.*

(a) *Indemnification of the Underwriters.* The Company agrees to indemnify and hold harmless, jointly and severally with the Selling Shareholders, and the Selling Shareholders agree to indemnify and hold harmless, severally but not jointly with each other or the Company, each Underwriter and each person, if any, who controls any Underwriter and their affiliates within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, the ADR Registration Statement or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; *provided* that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by Merrill Lynch), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that each Selling Shareholder's indemnification obligations under this Section 6 shall only apply to any and all loss, liability, claim, damage and expenses whatsoever, arising out of or are based upon any untrue statement or alleged untrue statement of a material fact relating to such Selling Shareholder contained in the Registration Statement or the Prospectus or any amendment thereof or supplement thereto, or the omission or alleged omission therefrom of a material fact relating to such Selling Shareholder required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, further,* that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representative expressly for use in the Registration Statement or the ADR Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto); *provided, further,* that this indemnity agreement shall not inure to the benefit of any Underwriter or any person who controls such Underwriter on account of any such loss, liability, claim, damage or expense arising out of any such defect or alleged defect in any preliminary prospectus if a copy of the Prospectus shall not have been given or sent by such Underwriter with or prior to the written confirmation of the sale involved to the extent that (i) the Prospectus would have cured such defect or alleged defect and (ii) sufficient quantities of the Prospectus were timely made available to such Underwriter; and *provided, further,* that notwithstanding the foregoing provisions, the aggregate amount of each Selling Shareholder's indemnity obligations under this Section 6 shall not exceed an amount equal to the net cash proceeds (before deducting expenses) received by such Selling Shareholder from the sale of Securities pursuant to this Agreement.

(b) *Indemnification of the Company, Directors and Officers and Selling Shareholders.* Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement or the ADR Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, and each Selling Shareholder against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement or the ADR Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representative expressly for use in the Registration Statement or the ADR Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto); *provided, however*, that notwithstanding the foregoing provisions, the aggregate amount of each Underwriter's indemnity obligations under this Section 6 shall not exceed an amount equal to the net cash proceeds (before deducting expenses) received by such Underwriter in connection with the Offering.

(c) *Actions against Parties; Notification.* Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) above, counsel to the indemnified parties shall be selected by Merrill Lynch, and, in the case of parties indemnified pursuant to Section 6(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; *provided, however*, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. In addition, the indemnifying party shall be entitled, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense of any claim or action brought against an indemnified party with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 6 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) *Settlement without Consent if Failure to Reimburse.* If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

SECTION 7. Contribution. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received respectively by the Company, each of the Selling Shareholders and the Underwriters from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, each of the Selling Shareholders and the Underwriters, respectively, in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received respectively by the Company, each of the Selling Shareholders and the Underwriters in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company and each of the Selling Shareholders and the total underwriting discount received by the Underwriters, in each case as set forth on the cover of the Prospectus, or, if Rule 434 is used, the corresponding location on the Term Sheet, bear to the aggregate initial public offering price of the Securities as set forth on such cover.

The relative fault of the Company, each of the Selling Shareholders and the Underwriters, respectively, shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or each of the Selling Shareholders or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Selling Shareholders and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission. Further, the aggregate amount of each Selling Shareholder's contribution obligations under this Section 7 shall not exceed the amount equal to the net proceeds (before deducting expenses) received by such Selling Shareholder from the sale of Securities pursuant to this Agreement.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls a Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement and the ADR Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as

the Company. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial Securities set forth opposite their respective names in Schedule A hereto and not joint.

The provisions of this Section shall not affect any agreement among the Company and the Selling Shareholders with respect to contribution.

SECTION 8. *Representations, Warranties and Agreements to Survive Delivery.* All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of the Subsidiaries or the Selling Shareholders submitted pursuant hereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or any controlling person, or by or on behalf of the Company or the Selling Shareholders, and shall survive delivery of the Securities to the Underwriters.

SECTION 9. *Termination of Agreement.*

(a) *Termination; General.* The Representative may terminate this Agreement, by notice to the Company for itself and on behalf of the Selling Shareholders, at any time at or prior to the Closing Time (i) if there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and the Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred, after the date hereof and prior to the Closing Time, any material adverse change in the financial markets in the Cayman Islands, the United States, the People's Republic of China, Asian or international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions or currency exchange rates or exchange controls, in each case the effect of which is such as to make it, in the judgment of the Representative, impracticable to market the Securities or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission, NASDAQ, or if trading generally on the American Stock Exchange or the New York Stock Exchange or in NASDAQ has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, the NASD or any other governmental authority, or a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States or with respect to Clearstream or Euroclear systems in Europe, or (iv) if a banking moratorium has been declared by Cayman Islands, People's Republic of China, U.S. federal or New York authorities.

(b) *Liabilities.* If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and *provided, further*, that Sections 1, 6, 7, 8, 12, 13 and 14 shall survive such termination and remain in full force and effect.

SECTION 10. *Default by One or More of the Underwriters.* If one or more of the Underwriters shall fail at the Closing Time or a Time of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representative shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representative shall not have completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted Securities does not exceed 10% of the number of Securities to be purchased on such date, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the number of Defaulted Securities exceeds 10% of the number of Securities to be purchased on such date, this Agreement or, with respect to any Time of Delivery which occurs after the Closing Time, the obligation of the Underwriters to purchase and of the Company to sell the Option Securities to be purchased and sold on such Time of Delivery shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default that does not result in a termination of this Agreement or, in the case of a Time of Delivery that is after the Closing Time, that does not result in a termination of the obligation of the Underwriters to purchase and the Selling Shareholder to sell the relevant Option Securities, as the case may be, either the Representative or the Company shall have the right to postpone the Closing Time or the relevant Time of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements. As used herein, the term "Underwriters" includes any person substituted for a Underwriter under this Section 10.

SECTION 11. Default by one or more of the Selling Shareholders.

If a Selling Shareholder shall fail at Closing Time or at a Date of Delivery to sell and deliver the number of Securities that such Selling Shareholder is obligated to sell hereunder, and the remaining Selling Shareholders do not exercise the right hereby granted to increase, pro rata or otherwise (subject to being exercised only by the applicable Selling Shareholders and not by the Attorney-in-Fact designated by the Selling Shareholders), the number of Securities to be sold by them hereunder to the total number to be sold by all Selling Shareholders as set forth in Schedule B hereto, then the Underwriters may, at option of the Representative, by notice from the Representative to the Company and the non-defaulting Selling Shareholders, either (a) terminate this Agreement without any liability on the fault of any non-defaulting party except that the provisions of Sections 1, 4, 6, 7, 8, 12, 13 and 14 shall remain in full force and effect or (b) elect to purchase the Securities that the non-defaulting Selling Shareholders have agreed to sell hereunder. No action taken pursuant to this Section 11 shall relieve any Selling Shareholder so defaulting from liability, if any, in respect of such default.

In the event of a default by any Selling Shareholder as referred to in this Section 11, each of the Representative, the Company and the non-defaulting Selling Shareholders shall have the right to postpone Closing Time or Date of Delivery for a period not exceeding seven days in order to effect any required change in the Registration Statement or Prospectus or in any other documents or arrangements.

SECTION 12. Waiver of Immunities. To the extent that the Company, the Selling Shareholders or any of their respective properties, assets or revenues may have or may hereafter become entitled to, or have attributed to the Company or the Selling Shareholders, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from setoff or counterclaim, from the jurisdiction of any Cayman Islands, New York or U.S. federal court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any such court in which proceedings may at any time be commenced, with respect to the obligations and liabilities of the Company or the Selling Shareholders, or any other matter under or arising out of or in connection with, the Principal Agreements or any of them, the Company and the Selling Shareholders hereby irrevocably and unconditionally waive or will waive such right to the extent permitted by law, and agree not to plead or claim, any such immunity and consents to such relief and enforcement.

SECTION 13. Consent to Jurisdiction; Appointment of Agent for Service of Process.

(a) *Consent to Jurisdiction.* The Company and the Selling Shareholders, by their execution and delivery of this Agreement, hereby irrevocably consent and submit to the nonexclusive jurisdiction of any New York Court *in personam* generally and unconditionally in respect of any such suit or proceeding.

(b) *Appointment of Agent for Service of Process.* The Company and the Selling Shareholders further, by their execution and delivery of this Agreement, irrevocably designate, appoint and empower CT Corporation System, 111 Eighth Avenue, New York, New York as their designee, appointee and authorized agent (the "Authorized Agent") to receive for and on their behalf service of any and all legal process, summons, notices and documents that may be served in any action, suit or proceeding brought against the Company or Selling Shareholders, respectively, with respect to their obligations, liabilities or any other matter arising out of or in connection with this Agreement and that may be made on the Authorized Agent in accordance with legal procedures prescribed for such courts, and it being understood that the designation and appointment of CT Corporation System as the Authorized Agent shall become effective immediately without any further action on the part of the Company or the Selling Shareholders. Each of the Company and the Selling Shareholders represents to each Underwriter that it has notified CT Corporation System of such designation and appointment and that CT Corporation System has accepted the same. The Company and Selling Shareholders further agree that, to the extent permitted by law, proper service of process upon CT Corporation System (or its successors as agent for service of process) and written notice of said service to the Company or Selling Shareholders pursuant to Section 15, shall be deemed in every respect effective service of process upon the Company or Selling Shareholders, respectively, in any such suit or proceeding. If for any reason such designee, appointee and agent hereunder shall cease to be available to act as such, the Company and Selling Shareholders agree to designate a new designee, appointee and agent in The City of New York, New York on the terms and for the purposes of this Section 13 reasonably satisfactory to the Representative. The Company and Selling Shareholders further hereby irrevocably consent and agree to the service of any and all legal process, summons, notices and documents in any such action, suit or proceeding against the Company or Selling Shareholders, respectively, by serving a copy thereof upon the relevant agent for service of process referred to in this Section 13 (whether or not the appointment of such agent shall for any reason prove to be ineffective or such agent shall accept or acknowledge such service) and by mailing copies thereof by registered or certified air mail, postage prepaid, to the Company or Selling Shareholders, respectively, at the addresses specified in or designated pursuant to this Agreement. The Company and Selling Shareholders agree that the failure of any such designee, appointee and agent to give any notice of such service to them shall not impair or affect in any way the validity of such service or any judgment rendered in any action or proceeding based thereon. Nothing herein shall in any way be deemed to limit the ability of the Underwriters and the other persons referred to in Sections 6 and 7 to serve any such legal process, summons, notices and documents in any other manner permitted by applicable law or to obtain jurisdiction over the Company or the Selling Shareholders or bring actions, suits or proceedings against the Company or Selling Shareholders in such other jurisdictions, and in such manner, as may be permitted by applicable law. The Company and Selling Shareholders hereby irrevocably and unconditionally waive, to the fullest extent permitted by law, any objection that they may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings arising out of or in connection with this Agreement brought in any New York Court and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in such court has been brought in an inconvenient forum.

SECTION 14. *Judgment Currency.* The Company and the Selling Shareholders agree to indemnify each Underwriter and each person, if any, who controls such Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, and each Underwriter severally agrees to indemnify the Company, its directors, each of its officers who signed the Registration Statement and the ADR Registration Statement, the Selling Shareholders and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, against any loss incurred, as incurred, as a result of any judgment being given in connection with this Agreement, the Prospectus, the Registration Statement or the ADR Registration Statement for which indemnification is provided by such person pursuant to Section 6 of this Agreement and any such judgment or order being paid in a currency (the "Judgment Currency") other than US dollars as a result of any variation as between (i) the spot rate of exchange in New York at which the Judgment Currency would have been convertible into US dollars as of the date such judgment or order is entered, and (ii) the spot rate of exchange at which the indemnified party is first able to purchase US dollars with the amount of the Judgment Currency actually received by the indemnified party. If, alternatively, the indemnified party receives a profit as a result of such currency conversion, it will return any such profits to the indemnifying party (after taking into

account any taxes or other costs arising in connection with such conversion and repayment). The foregoing indemnity shall constitute a separate and independent, several and not joint, obligation of the Company, the Selling Shareholders and the Underwriters and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "spot rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

SECTION 15. *Notices.* All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to the Representative care of Merrill Lynch & Co., Merrill Lynch, Pierce Fenner & Smith Incorporated, North Tower, World Financial Center, New York, New York 10281-1201, attention of Equity Capital Markets; notices to the Company shall be directed to it at Ctrip.com (Hong Kong) Limited, Unit 2001, The Centrium, 60 Wyndham Street, Central, Hong Kong, attention: Neil Shen; and notices to the Selling Shareholders shall be directed at the Selling Shareholders' respective addresses set forth on *Schedule F* hereto.

SECTION 16. *Parties.* This Agreement shall each inure to the benefit of and be binding upon the Underwriters, the Company the Selling Shareholders and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters, the Company and the Selling Shareholders and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters, the Company and the Selling Shareholders and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 17. *Governing Law and Time.* THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. EXCEPT AS MAY BE OTHERWISE SET FORTH HEREIN, SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

SECTION 18. *Effect of Headings.* The Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 19. *Counterparts.* This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all counterparts shall together constitute one and the same Agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to each of the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between the Underwriters, the Company and the Selling Shareholders in accordance with its terms.

Very truly yours,

CTRIIP.COM INTERNATIONAL, LTD.

By: _____

Name:

Title:

ATTORNEY-IN-FACT FOR SELLING SHAREHOLDERS

By: _____

Name:

As Attorney-in-Fact acting on behalf of each of the Selling Shareholders named in Schedule B to this Agreement

CONFIRMED AND ACCEPTED,
as of the date first above written:

**MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED**

By: Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated

By: _____

Authorized Signatory

For themselves and as Representative of
the other Underwriters named in
Schedule A hereto

Schedule A
LIST OF UNDERWRITERS

Name of Underwriter	Number of Initial Securities (in the form of ADSs)
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
.	
.	
Total	2,216,182

Schedule B
LIST OF SELLING SHAREHOLDERS

	Number of Initial Securities to be Sold	Number of Option Securities to Be Sold
	(in Ordinary Shares)	(in Ordinary Shares)
Neil Nanpeng Shen	235,000	
James Jianzhang Liang	203,000	
Qi Ji	150,000	
Victor Shengli Wang	124,480	
Min Fan	64,000	
Carlyle Asia Venture Partners I, L.P.	1,785,860	
CIPA Co-Investment, L.P.	108,421	
IDG Technology Venture Investment, Inc.	402,451	
IDG Technology Venture Investments, LP	160,549	
S.I. Technology Venture Capital Limited	381,300	
China Enterprises Investments No. 11 Limited	371,434	
Softbank Asia Net-Trans (No. 4) Limited	405,430	
Jing Dong Li	35,000	
Xiao Tan	5,439	
Total	4,432,364	

Sch B-1

Schedule C

OFFERING PRICE

CTrip.COM INTERNATIONAL, LTD.

**2,216,182 American Depositary Shares, each representing two Ordinary Shares
(Par Value \$0.01 Per Ordinary Share)**

1. The initial public offering price per share for the Securities, determined as provided in said Section 2, shall be \$.

2. The purchase price per share for the Securities to be paid by the several Underwriters shall be \$., being an amount equal to the initial public offering price set forth above less \$. per share; provided that the purchase price per share for any Option Securities purchased upon the exercise of the over-allotment option described in Section 2(b) shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities.

Sch C-1

Schedule D

LIST OF PERSONS AND ENTITIES SUBJECT TO LOCK-UP

Neil Nanpeng Shen

James Jianzhang Liang

Qi Ji

Victor Shengli Wang

Min Fan

Carlyle Asia Venture Partners I, L.P.

CIPA Co-Investment, L.P.

IDG Technology Venture Investment, Inc.

IDG Technology Venture Investments, LP

S.I. Technology Venture Capital Limited

China Enterprise Investments No. 11 Limited

Jing Dong Li

Xiao Tan

Softbank Asia Net-Trans (No. 4) Limited

Sch D-1

Schedule E

LIST OF SELLING SHAREHOLDERS THAT PROVIDE AN OPINION OF COUNSEL

Carlyle Asia Venture Partners I, L.P.

CIPA Co-Investment, L.P.

IDG Technology Venture Investment, Inc.

IDG Technology Venture Investments, LP

S.I. Technology Venture Capital Limited

China Enterprise Investments No. 11 Limited

Softbank Asia Net-Trans (No. 4) Limited

Sch E-1

Schedule F

NOTICE ADDRESSES OF SELLING SHAREHOLDERS

Carlyle Asia Venture Partners I, L.P.
Suite 2801, 28th Floor
2 Pacific Place
88 Queen's Way
Hong Kong
Attention: JP Gan
Fax Number: (852) 2878-7808

CIPA Co-Investment, L.P.
Suite 2801, 28th Floor
2 Pacific Place
88 Queen's Way
Hong Kong
Attention: JP Gan
Fax Number: (852) 2878-7808

IDG Technology Venture Investment, Inc.
15th Floor,
One Exeter Plaza
Boston, MA 02116
U.S.A.
Attention: Zhang Suyang
Fax Number: (1) 617-236-4276

With a copy to:

Suite 616, Tower A
COFCO Plaza
8 Jianguomennei Dajie
Beijing 100005
Attention: Zhang Suyang
Fax Number: (86 10) 6526-0700

IDG Technology Venture Investments, LP.
15th Floor,
One Exeter Plaza
Boston, MA 02116
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Attention: Zhang Suyang
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With a copy to:

Suite 616, Tower A
COFCO Plaza
8 Jianguomennei Dajie
Beijing 100005
Attention: Zhang Suyang
Fax Number: (86 10) 6526-0700

S. I. Technology Venture Capital Limited

21st Floor, Golden Bell Plaza

No. 98 Huai Hai Road Central

Shanghai 200021

PRC

Attention: Hu Yu Fei

Fax Number: (86 21) 5382-8999

China Enterprise Investments No. 11 Limited

Unit 1902B

60 Wyndham Street, Central

Hong Kong

Attention: Jonathan Chan

Fax Number: (852) 2851-1589

Fax Number: (86 21) 5382-8999

Softbank Asia Net-Trans (No. 4) Limited

5th Floor, SBI Center

56 Des Voeux Road, Central

Hong Kong

Attention: Nancy Fung

Fax Number: (852) 2155-9896

Nanpeng Shen

Unit 2001, The Centrium

60 Wyndham Street,

Central, Hong Kong

Fax Number: (852) 2169-0920

Jianzhang Liang

3rd Floor, Block 63

No. 421 Hong Cao Road

Shanghai

PRC

Fax Number: (86 21) 5385-0923

Qi Ji

3rd Floor, Block 63

No. 421 Hong Cao Road

Shanghai

PRC

Fax Number: (86 21) 5385-0923

Sheng Li Wang

6F-G, Block A, Dong Huan Plaza Office Building,

No.9, Dong Zhong Road,

Beijing, PRC

Fax Number: (86 10) 6418-5833

Min Fan

3rd Floor, Block 63

No. 421 Hong Cao Road

Shanghai, PRC

Fax Number: (86 21) 5385-0923

Jing Dong Li
6F-G, Block A, Dong Huan Plaza Office Building,
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Fax Number: (86 10) 6418-5833

Xiao Tan
6F-G, Block A, Dong Huan Plaza Office Building,
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Beijing, PRC
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Sch F-3

MAPLES AND CALDER

CAYMAN EUROPE ASIA

Ctrip.com International, Ltd
3F, Building 63-64
No. 421 Hong Cao Road
Shanghai 200233
People's Republic of China

The Bank of New York
101 Barclay Street
New York, New York 10286
U.S.A.

[], 2004

Dear Sirs:

Ctrip.com International, Ltd.

We have acted as Cayman Islands legal advisers to Ctrip.com International, Ltd. (the “**Company**”) in connection with the Company’s registration statement on Form F-2, including all amendments or supplements thereto (the “**Registration Statement**”), originally filed with the Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended, on [], 2004, relating to the sale by the selling shareholders (the “**Selling Shareholders**”) of a total of [] American Depositary Shares, each of which represents two ordinary shares, par value \$0.01 per share, of the Company (the “**Ordinary Shares**”). We are furnishing this opinion as Exhibit 5.2 to the Registration Statement.

1 DOCUMENTS REVIEWED

For the purposes of this opinion, we have reviewed only originals, copies or final drafts of the following documents:

- 1.1 the Certificate of Incorporation dated 3rd March, 2000 and the Amended and Restated Memorandum and Articles of Association of the Company as adopted on 8th December, 2003 (the “**Memorandum and Articles of Association**”);
- 1.2 the [written resolutions][minutes of the meeting of the Board] of the Directors of the Company dated [], 2004;
- 1.3 the Registration Statement; and
- 1.4 a certificate from a Director of the Company dated [], 2004, a copy of which is attached hereto (the “**Director’s Certificate**”).

2 ASSUMPTIONS

Save as aforesaid we have not been instructed to undertake and have not undertaken any further enquiry or due diligence in relation to the transaction the subject of this opinion. The following opinions are given only as to and based on circumstances and matters of fact existing at the date hereof and of which we are aware consequent upon the instructions we have received in relation to the matter the subject of this opinion and as to the laws of the Cayman Islands as the same are in force at the date hereof. In giving this opinion, we have relied upon the completeness and accuracy (and assumed the continuing completeness and accuracy as at the date hereof) of the Director’s Certificate without further verification and have relied upon the following assumptions, which we have not independently verified:

- (i) Copy documents or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals.

(ii) The genuineness of all signatures and seals.

(iii) There is no contractual or other prohibition (other than as may arise by virtue of the laws of the Cayman Islands) binding on the Company or on any other party prohibiting it from entering into and performing its obligations.

The following opinions are given only as to matters of Cayman Islands law and we have assumed that there is nothing under any other law that would affect or vary the following opinions.

3 OPINION

Based upon the foregoing and subject to the qualifications set out below and having regard to such legal considerations as we deem relevant, we are of the opinion that:

3.1. The authorised share capital of the Company is US\$1,000,000 divided into 100,000,000 Ordinary Shares of par value US\$0.01 each.

3.2 Ordinary Shares to be sold by the Selling Shareholders have been legally and validly issued and are fully paid and non-assessable.

4 QUALIFICATIONS

This opinion is subject to the following qualification and limitation that under the Companies Law (2003 Revision) of the Cayman Islands, the register of members of a Cayman Islands company is by statute regarded as *prima facie* evidence of any matters which the Companies Law (2003 Revision) directs or authorises to be inserted therein. A third party interest in the shares in question would not appear. An entry in the register of members may yield to a court order for rectification (for example, in the event of fraud or manifest error).

Except as specifically stated herein, we make no comment with respect to any representations and warranties which may be made by or with respect to the Company in any of the documents or instruments cited in this opinion or otherwise with respect to the commercial terms of the transactions the subject of this opinion.

We hereby consent to the use of this opinion in, and the filing hereof as an Exhibit to, the above-mentioned Registration Statement and to the reference to our name under the headings "Enforceability of Civil Liabilities" and "Taxation" in the prospectus included in such Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the regulations promulgated thereunder.

Yours faithfully,

/s/ MAPLES AND CALDER

MAPLES and CALDER

LATHAM & WATKINS^{LLP}

May , 2004

Ctrip.com International, Ltd.
3F, Building 63-64
No. 421 Hong Cao Road
Shanghai 200233
People's Republic of China

Re: 2,216,182 American Depositary Shares (the "ADSs"), representing 4,432,364 Ordinary Shares of Ctrip.Com International, Ltd. (the "Company")

Ladies and Gentlemen:

In connection with the public offering on the date hereof of 2,216,182 American Depositary Shares ("ADSs"), each representing two ordinary shares, par value \$0.01 per share ("Ordinary Shares"), of Ctrip.com International, Ltd., a Cayman Islands company (the "Company"), pursuant to the registration statement on Form F-2 under the Securities Act of 1933, as amended (the "Act"), filed by the Company with the Securities and Exchange Commission (the "Commission") on May 21, 2004 (File No. 333-[]), as amended to date (the "F-2 Registration Statement"), and the registration statement on Form F-6 under the Act filed with the Commission on November 13, 2003 (File No. 333-110459), as amended to date (the "F-6 Registration Statement"), you have requested our opinion concerning the statements in the F-2 Registration Statement under the caption "Taxation—United States Federal Income Taxation."

The facts, as we understand them, and upon which with your permission we rely in rendering the opinion herein, are set forth in the F-2 Registration Statement.

In our capacity as counsel to the Company, we have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to our satisfaction of such documents, corporate records and other instruments as we have deemed necessary or appropriate for purposes of this opinion. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures thereon, the legal capacity of natural persons executing such documents and the conformity to authentic original documents of all documents submitted to us as copies. For the purpose of our opinion, we have not made an independent investigation, or audit of the facts set forth in the above-referenced documents.

We are opining herein as to the effect on the subject transaction only of the federal income tax laws of the United States and we express no opinion with respect to the applicability thereto, or the effect thereon, of other federal laws, the laws of any state or any other jurisdiction or as to any matters of municipal law or the laws of any other local agencies within any state.

Based on such facts and subject to the limitations set forth in the F-2 Registration Statement, it is our opinion that the statements in the F-2 Registration Statement under the caption "Taxation—United States Federal Income Taxation," insofar as they purport to summarize certain provisions of the statutes and regulations referred to therein, are accurate summaries in all material respects.

No opinion is expressed as to any matter not discussed herein.

This opinion is rendered to you as of the date of this letter, and we undertake no obligation to update this opinion subsequent to the date hereof. This opinion is based on various statutory provisions, regulations promulgated thereunder and interpretations thereof by the Internal Revenue Service and the courts having

LATHAM & WATKINS LLP

jurisdiction over such matters, all of which are subject to change either prospectively or retroactively. Also, any variation or difference in the facts from those set forth in the F-2 Registration Statement may affect the conclusions stated herein.

This opinion is furnished to you, and is for your use in connection with the transactions set forth in the F-2 Registration Statement upon the understanding that we are not hereby assuming professional responsibility to any other person whatsoever. This opinion may not be relied upon by you for any other purpose or relied upon by any other person, firm or corporation, for any purpose, without our prior written consent, which may be granted or withheld in our sole discretion.

We hereby consent to the use of this opinion in, and the filing hereof as an Exhibit to, the F-2 Registration Statement and to the reference to our name under the heading "Taxation" in the prospectus included in the F-2 Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the regulations promulgated thereunder.

Very truly yours,

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form F-2 of our report dated February 23, 2004, relating to the financial statements, which appears in the in Ctrip.com International, Ltd.'s Annual Report on Form 20-F for the year ended December 31, 2003. We also consent to the references to us under the headings "Experts" in the Registration Statement.

/s/ PRICEWATERHOUSECOOPERS ZHONG TIAN CPAS

PricewaterhouseCoopers Zhong Tian CPAs
Limited Company

Shanghai
May 21, 2004

LATHAM & WATKINS ^{LLP}

International Law Firm

瑞生國際律師行 (有限責任合夥)

May 21, 2004

Ctrip.com International, Ltd
3F, Building 63-64
No. 421 Hong Cao Road
Shanghai 200233
People's Republic of China

Ladies and Gentlemen:

We hereby consent to the use of our name under the caption "Legal Matters" in the prospectus included in the registration statement on Form F-2 filed by Ctrip.com International, Ltd. on May 21, 2004, with the Securities and Exchange Commission under the Securities Act of 1933, as amended. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the regulations promulgated thereunder.

Sincerely yours,

/s/ LATHAM & WATKINS LLP

通商律師事務所

Commerce & Finance Law Offices

714 Huapu International Plaza 19 Chaowai Avenue,
Chaoyang District, Beijing, PRC; Postcode: 100020
Tel: (8610) 65802255 Fax: (8610) 65802538, 65802678, 65802679, 65802203
E-mail Add:beijing@tongshang.com Website: www.tongshang.com.cn

May 21, 2004

Ctrip.com International, Ltd.
3F, Building 63-64
No. 421 Hong Cao Road
Shanghai 200233, People's Republic of China

Re: Ctrip.com International

Ladies and Gentlemen:

We hereby consent to the reference to our firm under the heading "Enforceability of Civil Liabilities" and "Legal Matters" in the prospectus included in the Registration Statement of Ctrip.com International, Ltd. on Form F-2 filed with the Securities and Exchange Commission on the date hereof.

Yours Sincerely,

/s/ Commerce & Finance Law Offices
Commerce & Finance Law Offices

通商律師事務所

Commerce & Finance Law Offices

714 Huapu International Plaza 19 Chaowai Avenue,
Chaoyang District, Beijing, PRC; Postcode: 100020
Tel: (8610) 65802255 Fax: (8610) 65802538, 65802678, 65802679, 65802203
E-mail Add: beijing@tongshang.com Website: www.tongshang.com.cn

[] May, 2004

To: Ctrip.com International, Ltd.
3F, Building 63-64
No. 421 Hong Cao Road
Shanghai 200233
People's Republic of China

Re: Ctrip.com International, Ltd.

Dear Sirs,

We are lawyers qualified in the People's Republic of China ("PRC") and are qualified to issue opinion on the laws of the PRC. We have acted as PRC counsel for Ctrip.com International, Ltd. (the "Company"), a company incorporated under the laws of the Cayman Islands, in relation to the sale of shares by the Selling Shareholders of the Company. We have been requested to give this opinion with regard to the laws of PRC as of May , 2004, pursuant to Section [] of the [U.S. Underwriting Agreement and the International Purchase Agreement dated May , 2004] (the "Underwriting Agreements") among the several underwriters named therein and the Company relating to the sale of the shares by the Selling Shareholders of Company of up to [] American Depositary Shares each representing two ordinary shares of the Company.

Unless otherwise defined herein, capitalized terms used in this opinion shall have the same meaning as set forth in the Underwriting Agreements.

In such capacity, we have examined such documents, as we have considered necessary for the purpose of giving this opinion, and obtain the relevant confirmations from the Company.

Based on the foregoing, we are of the opinion that:

(i) Each of Ctrip Computer Technology (Shanghai) Limited and Ctrip Travel Information Technology (Shanghai) Limited (each, a "PRC Subsidiary" and together, the "PRC Subsidiaries") is a company duly incorporated with limited liability and validly existing in good standing under the laws of the PRC. Each PRC Subsidiary is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect. No steps have been or are being taken and no order or resolution has been made or passed to appoint a receiver, liquidator or similar officer of, or to wind up or dissolve, any PRC Subsidiary.

(ii) All of the registered capital of each PRC Subsidiary have been duly and fully paid, are non-assessable and are owned directly by Ctrip.com (Hong Kong) Limited, free and clear of all liens, encumbrances, equities or claims. The liability of Ctrip.com (Hong Kong) Limited in respect of equity interests in each PRC Subsidiary is limited to its investments therein.

(iii) Each of Shanghai Ctrip Commerce Co., Ltd. (“Shanghai Ctrip”), Shanghai Huacheng Southwest Travel Agency Co., Ltd. (“Shanghai Huacheng”), Beijing Chenhao Xinye Air-Ticketing Service Co., Ltd. (“Beijing Chenhao”), Shanghai Cuiming International Travel Agency Co., Ltd. (“Shanghai Cuiming”) and Guangzhou Guangcheng Commercial Service Co., Ltd. (“Guangzhou Guangcheng”) (each, a “VIE” and together, the “VIEs”) is a company duly incorporated with limited liability and validly existing in good standing under the laws of the PRC. Each VIE is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect. No steps have been or are being taken and no order or resolution has been made or passed to appoint a receiver, liquidator or similar officer of, or to wind up or dissolve, any VIE.

(iv) [All of the registered capital of each (a) Shanghai Ctrip, (b) Shanghai Huacheng, (c) Beijing Chenhao, (d) Shanghai Cuiming and (e) Guangzhou Guangcheng have been duly and fully paid, non-assessable and are owned directly by (v) Qi Ji (51%) and Min Fan (49%), (w) Shanghai Ctrip (90%) and unaffiliated parties (10%), (x) Qi Ji (80%) and Min Fan (20%), (y) Min Fan (66%) and unaffiliated parties (34%) and (z) Min Fan (90%) and Alex Nanyan Zheng (10%), respectively, free and clear of all liens, encumbrances, equities or claims.]

(v) Each PRC Subsidiary and VIE possesses adequate certificates, authorities, approvals, licenses or permits issued by appropriate governmental agencies or bodies in the PRC necessary to conduct its business as presently conducted and as proposed to be conducted.

(vi) Each PRC Subsidiary and VIE possesses valid licenses in full force and effect or otherwise has the legal right to use, or can acquire on reasonable terms, all material patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks and trade names (including the “Ctrip” name and logo) currently employed by them, and none of the PRC Subsidiaries or VIEs has received any notice of infringement of or conflict with asserted rights of others with respect to any of the foregoing that, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in any material adverse change in the condition, financial or otherwise, in the earnings, business or operations of any PRC Subsidiary or VIE.

(vii) After due inquiry, such counsel does not know of any Chinese legal or governmental proceedings pending or threatened to which the Company or any of its subsidiaries or the VIEs is a party or to which any of the properties of the Company or any of its subsidiaries or the VIEs is subject that are required to be described in the Registration Statement or the Prospectuses and are not so described or of any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectuses or to be filed as exhibits to the Registration Statement that are not described or filed as required.

(viii) To the best knowledge of us after due inquiry and based on the documents provided by the Company and the confirmation of the Company, there are no outstanding guarantees or contingent payment obligations of the PRC Subsidiaries or VIEs in respect of indebtedness of third parties except as disclosed in the Prospectuses.

(ix) To the best knowledge of us after due inquiry, the PRC Subsidiaries and the VIEs are not (A) in violation of their respective Articles of Association, business licenses and any other constituent documents or (B) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument known to such counsel and to which any of the PRC Subsidiaries or VIEs are a party or by which any of their respective properties may be bound, except, in the case of clause (B) where such violation or default would not, individually or in the aggregate, have a material adverse effect on the general affairs, management, owner’s equity, results of operations or position, financial or otherwise, of any of the PRC Subsidiaries or VIEs.

(x) To best knowledge of us after due inquiry, there is no pending or threatened PRC regulatory, administrative or other governmental initiative that, if implemented or adopted in the manner proposed or contemplated, would have a material adverse effect on the operations of any PRC Subsidiary or VIE in the PRC in the manner presently conducted or as disclosed in the Prospectuses.

(xi) The execution and delivery by the Company of, and the performance by the Company of its obligations under, the Underwriting Agreements and the Deposit Agreement will not contravene any provision of applicable law or the certificate of incorporation, by-laws or other governing documents of any PRC Subsidiary or VIE or, to the best of such counsel's knowledge, any agreement or other instrument binding upon any PRC Subsidiary or VIE that is material to the Company and its subsidiaries, taken as a whole, or, to the best of such counsel's knowledge, any judgment, order or decree of any governmental body, agency or court of the PRC having jurisdiction over the Company or any subsidiary, and no consent, approval, authorization or order of, or qualification with, any such governmental body or agency is required for the performance by the Company of its obligations under the Underwriting Agreements or Deposit Agreement.

(xii) Each of the Structuring Documents has been duly authorized, executed and delivered by the Company, the PRC Subsidiaries, the VIEs, Qi Ji, Min Fan or Alex Nanyan Zheng, as the case may be, and, assuming due authorization, execution and delivery by any other party thereto, constitutes a valid and legally binding obligation of the Company, the PRC Subsidiaries, the VIEs, Qi Ji, Min Fan or Alex Nanyan Zheng, as the case may be, enforceable in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights generally and to general equity principles.

(xiii) The execution and delivery of each of the Structuring Documents to which the Company, the PRC Subsidiaries, the VIEs, Qi Ji, Min Fan or Alex Nanyan Zheng is a party and the compliance by each such entity with all of the provisions of each of the Structuring Documents to which such entity is a party and the consummations of the transactions contemplated by the Structuring will not contravene or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument which are governed by the law of the PRC to which any such entity is a party or by such entity is bound or to which any of the properties or assets of such entity is bound or to which any of the properties or assets of such entity is subject, nor will such actions result in any violation of the charter, by-laws or any other constituent document of the Company, the PRC Subsidiaries, the VIEs, Qi Ji, Min Fan or Alex Nanyan Zheng, as the case may be, or any PRC statute, or any order, rule or regulation of any court or governmental agency or body in PRC having jurisdiction over such entity.

(xiv) All consents, approvals, authorizations, orders, registrations and qualifications required under the PRC laws for the establishment and operations of any of the VIEs (the "Structuring") have been made or unconditionally obtained in writing and no such consent, approval, authorization, order, registration or qualification has been withdrawn or is subject to any condition precedent which has not been fulfilled or performed. No consent, approval, authorization, order, registration and qualification is required under the PRC laws in connection with the spin off of Home Inns & Hotels Management (Hong Kong) Limited ("Home Inns") and the distribution of all ordinary shares of Home Inns to the Company's existing shareholders.

(xv) To the best knowledge of us after due inquiry, (A) the PRC tax laws and regulations and other PRC laws and regulations applicable to the activities of the PRC Subsidiaries and VIEs in the PRC (including regulatory fees, capital gains, income, sales, withholding or other taxes and stamp or other issuance or transfer taxes or duties to which any of the PRC Subsidiaries or VIEs may become subject due to the conduct of activities in the PRC) are assessed or apply to the PRC Subsidiaries and VIEs in substantially the same manner as are currently applicable to any company incorporated under the PRC Company law, which is engaged in the hotel-booking, air-ticketing, packaged-tour or advertising services in the PRC and (B) there are no material PRC fees or taxes that are or will become applicable to any of the PRC Subsidiaries or VIEs as a consequence of the Structuring or the offering that have not been disclosed in the Prospectuses.

(xvi) The choice of law provisions set forth in the Underwriting Agreements and the Deposit Agreements will be recognized by PRC courts; each of the Company, the PRC Subsidiaries and the VIEs can sue and be sued in its own name under the laws of the PRC.

(xvii) The Underwriters would be permitted to commence proceedings in PRC courts of competent jurisdiction based on the U.S. Underwriting Agreement or the International Purchase Agreement for the claim related to the RPC Subsidiaries or VIEs, and such courts would accept jurisdiction over any such action or proceeding.

(xviii) The Statements in the Prospectuses under “Risk Factors—Risks Relating to Our Company—Chinese laws and regulations restrict foreign investment in the air-ticketing, travel agency, advertising and Internet content provision businesses, and substantial uncertainties exist with respect to the application and implementation of Chinese laws and regulations”, “Risk Factors—Risks Relating to Our Company—If our affiliated Chinese entities or their shareholders violate our contractual arrangements with them, our business could be disrupted, our reputation may be harmed and we may have to resort to litigation to enforce our rights which may be time consuming and expensive”, “Risk Factors—Risks Relating to Our Company—The air-ticketing, travel agency, advertising and Internet industries are heavily regulated by the Chinese government. If we fail to obtain or maintain all pertinent permits and approvals, our business operations may be adversely affected”, “Risk Factors—Risks Related to Doing Business in China”, “Enforceability of Civil Liabilities” and “Chinese Government Regulations”, insofar as they purport to describe the provisions of PRC laws and documents referred to therein, are accurate, complete and fair summaries thereof.

(xix) Any judgment obtained in a New York Court arising out of or in relation to the obligations of the Company under the Underwriting Agreement would be enforceable against the Company in the courts of the PRC, subject to the procedural requirements and public policy considerations set forth in applicable provisions of the Civil Procedure Law of the PRC relating to the enforceability of foreign judgments.

This opinion relates to the laws of the PRC (other than the laws of the Hong Kong Special Administrative Region) in effect on the date hereof.

This opinion is given solely for the benefit of the persons to whom it is addressed. It may not, except with our prior written permission, be relied upon by anyone in connection with this opinion or used for any other purpose.

Yours faithfully,

/s/ Commerce & Finance Law Offices
Commerce & Finance Law Offices