

May 8, 2018

Dear Shareholders:

In the fall of 2017, we gathered the entire Ctrip team together to ring in the company's 18th anniversary with a party at our headquarters in Shanghai. We have already achieved great success, but our accomplishments this past year in China as well as abroad are really just the beginning. Last year, we delivered a GMV of RMB 560 billion¹, representing 30% year-on-year growth, and net revenue increased 39% year-on-year to reach RMB 26.8 billion. At the same time, non-GAAP operating margins improved from 10% in 2016 to 18%, attesting to the scalability of our business model and efficient management of the business.

To date, we have only just skimmed the surface when it comes to the addressable travel market. In China, where we are the clear leading online travel agency, we only account for around 10% of the total RMB 5.4 trillion travel market². Globally, according to the Report on World Tourism Economy Trends 2018 released by the World Tourism Cities Federation, total global tourism revenue in 2017 was USD 5.3 trillion, accounting for 6.7% of the global GDP. Today, Ctrip has captured only a tiny fraction of this market. The opportunities for the future are tremendous – indeed, we have our work cut out for us, but we are excited to take on these challenges. We will continue to differentiate ourselves through our industry leading service capabilities and our one-stop travel platform.

Core Values: Customer Centricity

As an established 18-year-old company, we also face more responsibilities. We are grateful for all the different voices over the past year that have reminded us that as the industry leader and most recognizable travel brand in China, we must take on more responsibility than ever to help the industry evolve. The travel industry is very fragmented and complicated by nature, and there have been – and will continue to be – challenges along the way. We have always and will always revisit Ctrip's core values and principles. Our values are even part of our name – C for Customer, T for Teamwork, R for Responsibility, I for Integrity, and P for Partners. We always endeavor to maximize Ctrip's social impact while increasing the company's commercial value.

Guided by the fundamental principles of consistency, transparency, and equality, we will continue to strive towards our ideals by improving our products and service. Our service quality is undoubtedly already leading the industry, and we are proud that more than half of our employees work in customer-facing positions. Our customer service center runs 24 hours

¹ RMB 560 billion GMV excludes Skyscanner.

² Source: China National Tourism Administration website.

a day and answers around 95% of our customer inquiries within 20 seconds. This is why we were recognized in almost all prominent awards in this field, such as the Golden Headset, Golden Voice, China's Best Customer Service Center Award, etc.

In 2017, we also launched the “Global SOS” Service, which provides not only translation assistance, medical guidance and recovery of lost goods, but also timely support in emergencies, such as natural disasters and terrorist attacks. Ctrip's effective response in the Las Vegas shooting, Bali volcano eruption and the most recent Taiwan Hualien earthquake reflects the efficiency and effectiveness of such services. Our local employees, 5,000 travel guides, thousands of suppliers and hotel partners all work together to secure the safety of our customers.

More importantly, we continue to be focused on listening to our customers' voices. We leverage the “Ctrip Senator Club”, which consists of our most active customers, to put valuable customer suggestions into action. The routine survey on Net Promoter Score also provides us with important customer experience insights. Additionally, a group of employees at Ctrip formed the “Blue User Guardians”, who work actively to be a voice for our customers. Only by using multiple methods to further understand our customers' needs, can we ensure we remain as the industry leader.

In short, our dynamic service capability is one of Ctrip's important pillars and differentiators when it comes to attracting and retaining customers. Because of the unique nature of travel products, which are time-sensitive, inter-connected and usually irreplaceable, we have to keep improving our products and service to ensure our customers can travel safely and have peace of mind.

The Ctrip Travel Ecosystem: Un-paralleled “One Stop Shop” Capabilities

The travel industry has a long and complex value chain that covers multiple non-standard travel categories and requires precise linkages to deliver a superior travel experience. This is what our customers have come to expect and rely on. And this is how Ctrip has differentiated itself from its peers, by arduously, step-by-step, building up China's leading travel ecosystem through our open-platform system, through investing in technologies, through leveraging 50TB of daily travel data for deep integration with our travel partners, and through strategic investments. We bring our unique strengths in the travel supply chain, a wide customer reach, and advanced technologies to other companies in the ecosystem, helping them succeed and strive for the long-term growth. Consequently, Ctrip can, along with other companies in the ecosystem, work together towards our mission, which is to make travel more convenient and enjoyable.

Travel Supply Chain: We have invested greatly through the years to integrate with the global travel supply chain to give our users more choices, better prices and unique high-quality experiences. From flights, hotels, ground transportation, ferries and cruises, to packaged tours, tour guides, local attractions, and in-destination restaurant partner capabilities, we offer over 60 products and services – all integrated into a one-stop shopping experience. And every one of our travel supply chain partners is an important cog to deliver a unique user value proposition.

- In terms of **flights**, we have linked up with nearly 300 airlines to offer over 3 million routes globally, and built one of the most sophisticated flight booking engines in the world to effectively combine these resources. We are able to present users with flight information from almost anywhere in the world, and search results can be shown almost instantly while reflecting the most accurate prices and availability.
- We now offer **one of the most comprehensive hotel and alternative accommodations inventories in the world**, with approximately 1.3 million hotels across the globe, and another nearly 1 million alternative accommodation listings via Tujia, the leading alternative accommodations platform in China. The majority of our hotel orders can be confirmed instantly, due to the guaranteed rooms hotels are willing to offer us.
- Our **train ticketing business** not only covers all train routes in China, but now also covers train travel in overseas markets such as Europe and Korea. Our **bus ticketing business** covers over 3,000 bus stations in China, and our car rental and chauffeur team is able to provide services in more than 300 cities across 200 countries. We leverage existing ticketing engines and combine them with air, train, bus and car rental products to create compelling multi-modal transportation solutions for our customers.
- We offer over one million **packaged tour and theme tour products** to suit any kind of user in more than 2,000 destinations around the world. Our open-platform of over 20,000 local partners allows us to access more local tour experiences and to scale faster. As our reach expands into more local destination partners, we are increasingly able to offer more customized, unique, and competitively priced travel experiences to our users.
- Lastly, we have made many **strategic investments** in the travel industry both domestically and internationally, such as Tujia - China's leading alternative accommodations platform, China Eastern - one of China's leading airlines, China Lodging and Homeinns - China's leading budget hotel chains, and three major Chinese-operated travel agencies in the US. These investments not only give us unique travel inventory resources and service capabilities, but just as importantly they give us a voice with many of these industry leaders to work together to evolve the travel industry.

Travel Customer Reach: Our ecosystem of brands and distribution channels can service a wide range of demographics, including different tiers of Chinese cities as well as internationally. In China, through the Ctrip and Qunar channels, we focus on cities that reach a certain GDP per capita level. At the same time, Ctrip and Tencent are co-investors of Tongcheng-Elong, which further extends our coverage across the rest of China through Weixin wallet and QQ Wallet. Our investment in Travelling Bestone now gives us access to offline stores in over 200 cities. Currently, we have over 6,000 franchised offline stores under the Ctrip, Qunar and Travelling Bestone brands. Unlike traditional stores, they can leverage Ctrip's competitive product offerings and reach potential customers who are not yet comfortable with online transactions. This omni-channel strategy creates another dimension of customer data, which supplements our understanding of travel demands. On the global front, Skyscanner now has a footprint covering over 200 markets, while Trip.com is making strong inroads in the Asia-Pacific market. On top of all this, our investments in MakeMyTrip, Wing-On Travel, and ezTravel have given us a foothold in markets like India, Hong Kong and Taiwan.

Travel Technologies: As Ctrip evolves, we continue to invest in and develop key technologies to help the partners in our ecosystem forecast demand more accurately and allocate resources more efficiently. For example, we launched “**Business Pro**”, a backend platform to help hotel owners analyze and optimize their operational performance. Similarly, in the air ticketing business, we help airlines to better forecast flight demands based on user search behavior. We also built an information management system for our car-leasing partners under which they can not only manage their orders and car fleet online, but also enjoy Ctrip's preferential rates on car purchases and insurance products. Our “**Open-platform**” technology allows many third party travel partners to connect efficiently with Ctrip. We also developed a “**credit-rating system**” based on users' booking history on our platforms. With those credit ratings, users can enjoy different levels of convenience in their future booking experiences. The system also allows product providers to get a better sense of what kind of customers they will serve. By the end of 2017, 65,000 hotels were using our credit-rating system which has allowed over five million customers to enjoy an easier booking process through credit guarantees or deferred payments.

Artificial intelligence and big data analysis are key areas of exploration and development for us. We have utilized this data to drive continual service improvements and for overall optimization of travel resources for our customers. As a result, we helped improve conversion rates for our hotels partners, while at the same time reducing the time and efforts that customers needed to search for suitable products.

We have also made some important investments on the technology front. Our investment

in Travelfusion has allowed us to leverage its technologies as a low-cost carrier travel content aggregator and an innovator of direct-connect global distribution solutions. We have also invested in Joint Wisdom, another innovator in accommodation technologies, which has enhanced our accommodation software capabilities. We are committed to continue empowering all the partners in our ecosystem through technology innovations.

In conclusion, the travel ecosystem we have built over the years is key to our long-term success, and has become one of our biggest competitive advantages. We will continue to leverage our strengths as a one-stop travel platform with advanced technologies and excellent service capabilities to grow together with all our partners. Our ecosystem, plus our industry leading 24/7 service capabilities, are the core differentiations we can leverage to win and retain travelers.

A New Chapter: Globalization

In 2017, Chinese travelers made about 130 million outbound trips. As China's "Belt and Road Initiative" progresses and more Chinese people upgrade their lifestyles, outbound trips will only increase in number, with the China National Tourism Administration forecasting over 200 million trips per year by 2020. Winning in this fast-growing Chinese outbound market is the first crucial step of Ctrip's globalization plan, and so far we are very pleased with our progress. In 2017, Ctrip's outbound business grew at a rate of three to four times the industry average, despite us already holding the leading share in the segment.

Though the majority of our users are Chinese, Ctrip has established a solid foundation to service non-Chinese customers around the world. As we bring more Chinese travelers to our supply partners, we will be able to strengthen our relationships in the global travel supply chain, helping us continue to improve service quality and product offerings. In turn, this will increase our ability to bring our one-stop travel platform capabilities and high-quality 24/7 service to non-Chinese customers globally.

Skyscanner is another important pillar of our international expansion plan, and has continued to show strong growth in our first full year post investment in late 2016. As one of the most successful flight meta-search sites in the world – and particularly in Europe – Skyscanner has accumulated nearly 70 million monthly active users. We have also begun to realize synergies with Skyscanner through the development of a direct booking engine, which increased Ctrip's own conversion rate on Skyscanner by nearly 50%. In addition, we have worked with Skyscanner to launch additional transportation products like car rentals and train ticketing on their platform. In 2017 we also launched a new brand, Trip.com, for our Asia Pacific user base. Like Ctrip, the brand signifies one-stop travel shop capabilities and is step by step building up these competencies. Although Trip.com is still relatively small

scale, with the help of Skyscanner it has achieved triple-digit growth in air ticketing volume for five consecutive quarters.

Our international expansion will build on our strengths in air ticketing. Though we added many new features and product lines in 2017 to better serve international travelers, such as car rental and international train ticketing, we are still in the first chapter of our globalization plan. The results so far are very promising, and we feel very excited about the opportunities ahead.

Promoting Sustainable Travel

Ctrip has been playing an active role in supporting disaster relief, environmental protection, education and other social programs since our founding. As the first travel company in China to participate in a **carbon-offset program**, Ctrip continued its environmental efforts in 2017, with over 900 thousand trees planted in our “Ctrip Forest” by the year-end. In addition, Ctrip, Qunar and eight other companies established an alliance aimed at promoting responsible travel behavior. Ctrip also partnered with the World Wide Fund for Nature (WWF) to support the worldwide movement "Earth Hour." Ctrip, together with WWF, advocated for the adoption of a sustainable lifestyle by not using single-use plastic products and promoted a deeper commitment to changes beyond that one hour.

In the future, Ctrip will participate in more public welfare programs and lead the way for the travel industry to promote tourism that is **green, sustainable and responsible**.

In closing, James and I are very optimistic about the company’s future. In the past 18 years, Ctrip has succeeded despite all the challenges we have faced. Going forward, we know new challenges will continue to arise, but we are poised to navigate them as we always have. We share a commitment to the continued success of Ctrip and the drive to take the company to the next level. On behalf of everyone at Ctrip, we thank all of our shareholders for your trust, support and confidence in our future.

Sincerely,

Jane Sun

Chief Executive Officer

James Liang

Co-founder and Executive Chairman